

Goldway Education Group Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8160

LISTING BY WAY OF SHARE OFFER

Sponsor

SUNWAH KINGSWAY
新華滙富
Kingsway Capital Limited

Bookrunner

 **CSL Securities**
康證有限公司
CSL Securities Limited

Joint Lead Managers

 **CSL Securities**
康證有限公司
CSL Securities Limited

SUNWAH KINGSWAY
新華滙富
Kingsway Financial Services Group Limited

IMPORTANT

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

Goldway Education Group Limited

金滙教育集團有限公司*

(incorporated in the Cayman Islands with limited liability)

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

Number of Offer Shares : 150,000,000 Shares (subject to the Offer Size Adjustment Option)
Number of Placing Shares : 135,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
Number of Public Offer Shares : 15,000,000 Shares (subject to reallocation)
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 on application in Hong Kong dollars and subject to refund)
Nominal value : HK\$0.01 each
Stock code : 8160

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新華滙富

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新華滙富

Kingsway Financial Services Group Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix V, 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 of Hong Kong (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 agreement between the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Wednesday, 23 November 2016. The Offer Price will not be more than HK\$0.24 per Offer Share and is currently expected to be not less than HK\$0.20 per Offer Share. If, for any reason, the Offer Price is not agreed by Wednesday, 23 November 2016 between Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company, the Share Offer will not proceed and will lapse. In the case of such event, a notice will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.goldwayedugp.com. The Joint Lead Managers (for themselves and on behalf of the other Underwriters), with the consent of our Company, may extend or reduce the indicative Offer Price range 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, a notice of the extension or reduction in the indicative Offer Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.goldwayedugp.com not later than the morning of the last day for lodging applications under the Public Offer. Further details are set out in the sections headed "Structure and the conditions of the Share Offer" and "How to apply for Public Offer Shares" of this prospectus.

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

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Public Offer Shares, are subject to termination by the Joint Lead Managers if certain grounds arise prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange. Such grounds are set out in the section headed "Underwriting — Underwriting arrangement and expenses — Grounds for Termination" of this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. The Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the US Securities Act and the applicable laws of each jurisdiction where those offers and sales occur.

17 November 2016

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange.

Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

EXPECTED TIMETABLE

If there is any change in the following expected timetable, we will issue an announcement on the website of our Company at www.goldwayedugp.com and the website of the Stock Exchange at www.hkexnews.hk.

Date ⁽¹⁾
2016

Public Offer commences and **WHITE** and

YELLOW Application Forms available from . . . 9:00 a.m. on Thursday, 17 November

Application lists of Public Offer open ^(Note 2) . . . 11:45 a.m. on Tuesday, 22 November

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

Application Forms 12:00 noon on Tuesday, 22 November

Latest time to give **electronic application instructions**

to HKSCC ^(Note 3) 12:00 noon on Tuesday, 22 November

Application lists of Public Offer close ^(Note 2) . . . 12:00 noon on Tuesday, 22 November

Expected Price Determination Date on or before ^(Note 4) Wednesday, 23 November

Announcement of the final Offer Price, indications of the levels

of interest in the Placing, the levels of applications

of the Public Offer and the basis of allotment and the results

of applications in the Public Offer to be published on the website

of the Stock Exchange at www.hkexnews.hk and our Company's

website at www.goldwayedugp.com on or before Thursday, 1 December

Announcement of results of allocations in the Public Offer

(with successful applicants' identification document numbers,

where appropriate) to be available through a variety of channels

including our Company's website at www.goldwayedugp.com

and the website of the Stock Exchange at www.hkexnews.hk

(for further details, please see the section headed "How to

apply for Public Offer Shares — 10. Publication of results"

of this prospectus) on or before Thursday, 1 December

Results of allocations in the Public Offer will be available

at www.tricor.com.hk/ipo/result with a "search by ID"

function on Thursday, 1 December

Despatch/collection of refund cheques in respect of wholly or partially

unsuccessful applications pursuant to the Public Offer on

or before ^(Notes 5 to 8) Thursday, 1 December

EXPECTED TIMETABLE

Date ⁽¹⁾
2016

Despatch/collection of share certificates in respect of
wholly or partially successful applications pursuant to
the Public Offer on or before ^(Notes 5 to 9) Thursday, 1 December

Dealings in Shares on GEM expected to commence
at 9:00 a.m. on Friday, 2 December

Notes:

1. All dates and times refer to Hong Kong local dates and times, except as otherwise stated.
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 Tuesday, 22 November 2016, the application lists will not open and close on that day. For further details, please see the section headed “How to apply for Public Offer Shares — 9. Effect of bad weather on the opening of the application lists” of this prospectus.
3. Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to the paragraph headed “How to apply for Public Offer Shares — 5. Applying by giving **electronic application instructions** to HKSCC via CCASS” of this prospectus.
4. The Price Determination Date is expected to be on or before Wednesday, 23 November 2016. If our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price by the Price Determination Date or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters), the Share Offer will not become unconditional and will not proceed.
5. Share certificates for the Public Offer Shares are expected to be issued on or before Thursday, 1 December 2016 but will only become valid certificates of title at 8:00 a.m. on Friday, 2 December 2016 provided that (a) the Share Offer has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.
6. Applicants for 1,000,000 Public Offer Shares or more on **WHITE** Application Form(s) may collect their refund cheques (where relevant) and/or share certificates (where relevant) personally from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 1 December 2016 or any other day as announced by us as the date of despatch/collect 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.

EXPECTED TIMETABLE

7. Applicants for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms 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 appropriated. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.
8. 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 Public Offer Shares — 13. Despatch/ collection of share certificates and refund monies" of this prospectus.
9. Share certificates will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of their share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

For further details of the structure and conditions of the Share Offer, you should refer to the section headed "Structure and conditions of the Share Offer" of this prospectus.

Share certificates for the Offer Shares will only become valid certificates of title to which they relate at 8:00 a.m. (Hong Kong time) on the Listing Date 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 — Grounds for termination" in this prospectus has not been exercised and has lapsed. Investors who trade our Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

CONTENTS

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 securities 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 circumstances.

You should rely only on the information contained in this prospectus to make your investment decision. Our Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sponsor, the Bookrunner, the Joint Lead Managers, any of the Underwriters, any of our or their respective affiliates, directors, officers, employees, agents or representatives, or any other person or party involved in the Share Offer.

	<i>Page</i>
Characteristics of GEM	i
Expected timetable	ii
Contents	v
Summary	1
Definitions	15
Glossary of technical terms	25
Forward-looking statements	28
Risk factors	30
Information about this prospectus and the Share Offer	43
Directors and parties involved in the Share Offer	48
Corporate information	51
Industry overview	53
Regulatory overview	65
History, Reorganisation and corporate structure	76

CONTENTS

	<i>Page</i>
Business	89
Financial information	144
Relationship with Controlling Shareholders	176
Connected transactions	184
Share capital	188
Substantial Shareholders	191
Directors and senior management	193
Future plans and use of proceeds	205
Underwriting	215
Structure and conditions of the Share Offer	226
How to apply for Public Offer Shares	232
Appendix I — Accountants' report	I-1
Appendix II — Unaudited pro forma financial information	II-1
Appendix III — Summary of the constitution of the Company and the Cayman Islands company law	III-1
Appendix IV — Statutory and general information	IV-1
Appendix V — Documents delivered to the Registrar of Companies and available for inspection	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in our Shares. There are risks associated with any investment. Some of the particular risks in investing in our Shares are set out in the section headed “Risk factors” of this prospectus. You should read that section carefully before you decide to invest in our Shares.

BUSINESS OVERVIEW

We are a tutoring services provider operating in Hong Kong. Our tutoring services are principally offered to secondary school students and primary school students as a supplement to the students’ formal school education. According to the Industry Report, amongst primary and secondary tutoring services providers registered with the EDB, we are the seventh largest in Hong Kong in terms of revenue. Our market share of the total revenue generated by private tutoring service industry in Hong Kong was approximately 0.9% for the year of 2015 (for further details of our ranking, please refer to the section headed “Industry overview — Competitive analysis of the private tutoring services industry in Hong Kong” of this prospectus).

We have over 17 years of history based on the establishment of our first Logic Tutorial Centre in March 1999 by Ms. Cheng (for further details of our history, please refer to the section headed “History, Reorganisation and corporate structure” of this prospectus) and we have been operating our brand ‘Logic Tutorial Centre’ (‘勵致研習中心’) since then. As we are ranked third by the number of centres in October 2016 among primary and secondary tutoring service providers in New Territories West (and we are ranked thirteenth by number of centres among primary and secondary tutoring service providers in Hong Kong) according to the Industry Report, we have established brand awareness and gained recognition in the New Territories West in Hong Kong given our extensive presence there.

For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 we had approximately 56,100, 57,300, 53,800, 18,400 and 19,000 course enrolments, respectively, in our courses and our total revenue for the corresponding periods amounted to approximately HK\$36.2 million, HK\$36.2 million, HK\$38.6 million, HK\$13.4 million and HK\$13.7 million respectively. Our net profits for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 were approximately HK\$10.3 million, HK\$9.2 million, HK\$5.0 million, HK\$2.4 million and HK\$1.9 million respectively. The listing expenses incurred for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 were approximately nil, HK\$1.4 million, HK\$6.3 million, nil and HK\$0.6 million respectively.

SUMMARY

Our tutoring services

Our tutoring services are generally divided into two main categories: secondary tutoring services and primary tutoring services, details of which are set out in the section headed “Business — Our business and operations — Our services” of this prospectus. Set out below is a breakdown of our Group’s revenue from each segment for each of the years ended 31 March 2014, 2015 and 2016 and for each of the five months ended 31 August 2015 and 2016:

	Years ended 31 March						Five months ended 31 August			
	2014		2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)									
Secondary tutoring services	29,799	82.2	29,550	81.5	30,868	80.0	10,553	78.9	10,649	78.0
Primary tutoring services	6,439	17.8	6,699	18.5	7,708	20.0	2,823	21.1	3,002	22.0
Total	<u>36,238</u>	<u>100.0</u>	<u>36,249</u>	<u>100.0</u>	<u>38,576</u>	<u>100.0</u>	<u>13,376</u>	<u>100.0</u>	<u>13,651</u>	<u>100.0</u>

During the Track Record Period, our revenue was mainly derived from secondary tutoring services. Set out below are certain breakdowns concerning our secondary tutoring services for each of the years ended 31 March 2014, 2015 and 2016 and for each of the five months ended 31 August 2015 and 2016:

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
	(unaudited)				
Revenue (HK\$'000)					
— Regular courses	27,062	26,703	27,999	8,589	8,615
— Summer courses	1,851	1,664	1,596	1,596	1,605
— Intensive courses	886	1,183	1,273	368	429
Total number of students					
<i>Note</i>					
— Regular courses	4,503	4,316	4,157	2,450	2,471
— Summer courses	1,505	1,340	1,092	1,091	1,182
— Intensive courses	895	1,289	1,425	685	729
Total number of course enrolments					
— Regular courses	45,606	46,053	42,397	13,752	13,905
— Summer courses	1,528	1,413	1,103	1,103	1,192
— Intensive courses	2,178	3,691	3,304	1,275	1,505
Average course fees (HK\$)					
— Regular courses	593	580	660	625	620
— Summer courses	1,211	1,178	1,447	1,447	1,346
— Intensive courses	407	321	385	289	285

Note: There may be overlapping in cases where students enroll in more than one category of courses.

SUMMARY

Our revenue generated from the secondary tutoring services increased mainly due to the increase in average course fees for such services which offset the decrease in total number of course enrolments during the Track Record Period.

Set out below are certain breakdown relating to our primary tutoring services for each of the years ended 31 March 2014, 2015 and 2016 and for each of the five months ended 31 August 2015 and 2016:

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
				(unaudited)	
Revenue (<i>HK\$'000</i>)					
— Regular courses	5,716	5,999	6,974	2,088	2,114
— Summer courses	723	700	734	735	888
Total number of students					
<i>Note</i>					
— Regular courses	1,058	1,220	1,165	555	580
— Summer courses	427	370	384	384	395
Total number of course enrolments					
— Regular courses	6,337	5,679	6,524	1,860	1,901
— Summer courses	453	479	454	454	467
Average course fees (<i>HK\$</i>)					
— Regular courses	902	1,056	1,069	1,123	1,112
— Summer courses	1,596	1,461	1,617	1,619	1,901

Note: There may be overlapping in cases where students enroll in more than one category of courses.

As at the Latest Practicable Date, we had a team of 31 Qualified Tutors and 21 Qualified Tutors to teach classes involving secondary tutoring services and primary tutoring services respectively (both numbers include 12 Qualified Tutors who teach both types of services). As at 31 March 2014, 2015 and 2016 and 31 August 2016, we had 42, 42, 41 and 39 tutors respectively. Our average tutor turnover rates for the years/period were approximately 36%, 36%, 36% and 32% for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively.

SUMMARY

In our Directors' experience, most of our students are gained from students' and parents' recommendation or word-of-mouth referrals during the Track Record Period. We have also adopted various marketing strategies to attract new and returning students and increase our brand awareness (for further details, please refer to the section headed "Business — Marketing and student recruitment" of this prospectus). Unlike certain other competitors, we mainly relied on our referrals and our brand instead of star tutors to attract students during the Track Record Period and therefore we did not provide a defined performance-linked bonus to our staff but instead may offer a bonus at our discretion or adjust their remuneration upon renewal of their service contracts. During the Track Record Period, we did not pay any discretionary bonus to our tutors.

Our network

As at the Latest Practicable Date, we operated 13 tutorial centres (excluding our Tin Chak centre which is expected to commence operation on or around 25 November 2016) all on leased properties in Hong Kong of which six were located in Tuen Mun, five were located in Yuen Long and one was located in Kowloon City and Tai Po each. During the Track Record Period and up to the Latest Practicable Date, we opened the Kowloon City centre in March 2015 and one of our Yuen Long centres in December 2015. We have obtained Certificates of Registration of a School from the EDB for all of our existing tutorial centres. We also had 32 registered classrooms and a maximum number of 645 pupils were permitted in our classrooms at the same time according to EDB as at the Latest Practicable Date. We expect to open seven new tutorial centres in Hong Kong, which are expected to commence business by 31 March 2019 (for further details, please refer to the section headed "Business — Our business and operations — Our network" of this prospectus).

Three of our lease agreements will expire within six months of the Latest Practicable Date being where the Grandeur Terrace centre, Lung Mun centre and Fortune Kingswood centre are located. We do not intend to renew the lease agreement for the Grandeur Terrace centre upon its expiry on 1 December 2016 given that we intend to replace this centre with the new Tin Chak centre, which is expected to commence business on or around 25 November 2016 and the renovation is completed up to the Latest Practicable Date. In relation to the Lung Mun centre and Fortune Kingswood centre, if we are unable to renew the relevant lease agreements and are unsuccessful in relocating operations for these two centres to a new centre or an existing centre, our business operations and financial conditions may be materially and adversely affected. For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, the aggregate revenue generated from the Lung Mun centre and Fortune Kingswood centre was approximately HK\$5.0 million, HK\$5.7 million, HK\$5.8 million and HK\$1.8 million respectively, representing approximately 14%, 15%, 15% and 14% of our total revenue respectively. We are in preliminary discussions with the landlords (or their agents) for the renewal of the lease agreements for the Lung Mun centre and Fortune Kingswood centre and they have confirmed an intention to renew such leases subject to agreement on the terms. Given that we have more than three months until their expiry, we are still in negotiations and have not yet finalised the terms of the renewal as at the Latest Practicable Date.

SUMMARY

Competitive landscape and competitive strengths

We operated in a highly competitive industry which is generally fragmented. According to the Industry Report, in the 2015/16 academic year, there were approximately 1,317 private tutoring companies and 2,051 private tutoring centres offering primary tutoring services and 1,110 private tutoring companies and 1,775 private tutoring centres offering secondary tutoring services in Hong Kong. These companies generally competed through the following main factors of competition: (i) quality of education and reputation; (ii) course design and format of delivery; (iii) geographic coverage and accessibility; and (iv) price of courses. Please refer to the section headed “Industry overview” of this prospectus for further details.

Our competitive strengths mainly lie in our: (i) long history and experienced and hands on management team; (ii) commitment to high quality teaching standards; and (iii) teaching strategy attentive to a student’s needs. For further details of competitive strengths, please refer to the section headed “Business — Competitive strengths” of this prospectus.

Our customers and suppliers

Considering that our services were paid for by students or their parents, they are both regarded as our Group’s customers. Due to the nature of our business, we did not have a single customer who account for more than 5% of our revenue for each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016.

Our rental expenses comprise a significant part of our cost of services. During the Track Record Period, our rental expenses accounted for approximately 17.4%, 19.6%, 20.3% and 23.2% of our total revenue for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively.

The rental expenses paid to our largest landlord accounted for approximately 24.0%, 21.8%, 21.1% and 27.7% of our total rental expenses for the year ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively. The aggregate rental expenses paid to our top five landlords accounted for approximately 62.8%, 60.4%, 59.2% and 65.7% of our total rental expenses for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively. None of our Directors, their close associates or any Shareholders (which to the knowledge of our Directors own more than 5% of our share capital) had any interest in any of our top five landlords during the Track Record Period.

BUSINESS OBJECTIVE, BUSINESS STRATEGIES AND FUTURE PLANS AND USE OF PROCEEDS

Our principal business objective is to leverage on our competitive advantages to become one of the leading players in the private tutoring services in Hong Kong. We intend to achieve this by the following strategies: (i) continue to expand our network across Hong Kong; (ii) maintain and enhance service quality; (iii) promote our new tutorial centres and brand and increase our recognition in the market; and (iv) continue to expand our service capacity and broaden our services.

SUMMARY

Based on the Offer Price of HK\$0.22 per Offer Share (being the mid-point of the Offer Price range), we estimate that the net proceeds from the Share Offer (after deducting the underwriting fees and estimated expenses payable by us in connection with the Share Offer) will be approximately HK\$15.0 million. We intend to allocate the proceeds from the Share Offer for the purposes and in the amounts set out below:

- HK\$11.6 million, representing approximately 77.3% of the net proceeds, for expansion of network by opening and/or acquiring seven tutorial centres in Hong Kong comprising of one centre in Kwun Tong for the year ending 31 March 2017, three centres with one in Tseung Kwan O, Shatin and Fanling each for the year ending 31 March 2018 and three centres with one in Kowloon Bay, Tsz Wan Shan and Yuen Long each for the year ending 31 March 2019;
- HK\$1.7 million, representing approximately 11.3% of the net proceeds, for enhancement of our existing centres, facilities and equipment and IT systems;
- HK\$0.4 million, representing approximately 2.7% of the net proceeds, for staff training; and
- HK\$1.3 million, representing approximately 8.7% of the net proceeds, for marketing and promotion and other brand building activities.

For further details, please refer to the sections headed “Business — Our business objective and strategies” and “Future plans and use of proceeds” of this prospectus respectively.

Our Directors believe that benefits from the Listing on GEM will include (1) an expansion plan to tap into new markets and raise our competitiveness; (2) enhanced credibility and support for our long term development; (3) additional avenue to raise capital in the form of equity and/or debt; and (4) diversification of shareholder base and more liquidity in trading of Shares. For further details, please refer to section headed “Future plans and use of proceeds — Future plans — Reasons for the Listing” of this prospectus.

RISK FACTORS

Potential investors are advised to carefully read the section headed “Risk factors” of this prospectus before making any investment decision in the Offer Shares. Some of the more particular risk factors include: (i) if we fail to maintain our registrations or exemptions under the Education (Exemption) Order or fail to apply for such registrations or exemptions for our tutorial centres, the operations for such centres will have to be suspended and our business and operating results may be materially and adversely affected; (ii) if we fail to recruit and retain capable staff, particularly tutors, we may be unable to maintain consistent efficiency in our operations and teaching quality and our brand, reputation, operations and expansion plans may be materially and adversely affected; (iii) if we are unable to offer attractive courses at commercially viable fees, our revenue and profitability may decline; (iv) our revenue is mainly derived from secondary tutoring services and therefore our prospects and results of operation may be materially and adversely affected by a reduction in demand for such services; and (v) if we fail to respond adequately and promptly to changes to Hong Kong’s education system, our ability to attract and retain students may be materially and adversely affected.

SUMMARY

CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue and not taking into account any Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options that may be granted under the Share Option Scheme, Digital Achiever (which is wholly-owned by Mr. Cheung) will hold 166,810,000 Shares, representing approximately 33.36% of the issued share capital of our Company, and Golden Dust (which is wholly-owned by Mr. Cheung Luk Sun) will hold 166,740,000 Shares, representing approximately 33.35%. Mr. Cheung and Mr. Cheung Luk Sun have been acting in concert with each other in respect of all operational and financial matters and major decisions of the operating subsidiaries of our Group. Digital Achiever and Golden Dust are expected to control approximately 66.71% of the total issued share capital of our Company upon the Listing in light of Mr. Cheung and Mr. Cheung Luk Sun having signed a confirmation confirming they are acting in concert with each other as defined in the Takeovers Code. Accordingly, Digital Achiever, Golden Dust, Mr. Cheung and Mr. Cheung Luk Sun are a group of Controlling Shareholders of our Company. Mr. Cheung is one of our executive Directors, as well as our chairman and the chief executive officer of our Group. Mr. Cheung Luk Sun is a member of our senior management. Mr. Cheung and Mr. Cheung Luk Sun are brothers. For further details of our Controlling Shareholders, please refer to the section headed “Relationship with Controlling Shareholders” of this prospectus.

PRE-IPO INVESTMENT

On 1 September 2015, Wealth Secret, an Independent Third Party, subscribed for 2,350 shares in Billion Bright for a total consideration of HK\$3,000,000. On 3 November 2016, Wealth Secret transferred 2,350 shares in Billion Bright to Simple Joyous, in consideration of our Company allotting and issuing 235 new Shares, all credited as fully paid, to Wealth Secret. Upon completion of the Reorganisation, the Share Offer and the Capitalisation Issue (but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme), Wealth Secret will hold approximately 3.29% of the entire issued share capital of our Company upon Listing. The Shares held by Wealth Secret will be subject to a lock-up period of six months from the date of the Listing. Please refer to the section headed “History, Reorganisation and corporate structure — Pre-IPO investment” of this prospectus for further details of Wealth Secret’s background and its investment.

CONNECTED TRANSACTIONS

During the Track Record Period, we, as a tenant, has entered into two lease agreements of certain properties for one of our tutorial centres. One of these agreements is with Mr. Cheung and Mr. Cheung Luk Sun as joint landlords and the other agreement is with Mr. Cheung Luk Sun and Mr. Cheung Chuen (being the father of Mr. Cheung and Mr. Cheung Luk Sun) as joint landlords. These transactions will continue after the Listing and will constitute exempt continuing connected transactions of our Company under the GEM Listing Rules. Further details are set forth in the section headed “Connected transactions — Continuing connected transactions” of this prospectus.

SUMMARY

OFFER STATISTICS

	Based on the Offer Price of HK\$0.20 per Offer Share	Based on the Offer Price of HK\$0.24 per Offer Share
Market Capitalisation <i>Note 1</i>	HK\$100 million	HK\$120 million
Unaudited pro forma of adjusted consolidated net tangible assets per Share attributable to owners of our Company <i>Note 2</i>	HK\$0.07	HK\$0.08

Notes:

- (1) The calculation of the market capitalisation of our Shares is based on 500,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Share Offer but does not take into account of any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and 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 pursuant to the issuing mandate and the repurchase mandate.
- (2) The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of our Company has been prepared with reference to certain estimation and adjustment. Please refer to Appendix II to this prospectus for further details.

SUMMARY OF FINANCIAL INFORMATION

The following tables present a summary of our financial information for the periods indicated and should be read in conjunction with our financial information included in the Accountants' Report set forth in Appendix I to this prospectus, including the notes thereto.

Highlight of our consolidated statements of profit or loss and other comprehensive income

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Revenue	36,238	36,249	38,576	13,376	13,651
Profit before income tax	12,426	11,287	7,256	2,930	2,485
Profit and total comprehensive income attributable to owners of our Company for the year/period ^{Note}	10,312	9,164	4,989	2,409	1,943

Note The listing expenses incurred for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 were approximately nil, HK\$1.4 million, HK\$6.3 million, nil and HK\$0.6 million respectively.

SUMMARY

During the Track Record Period, our revenue was relatively stable. However, our profit for the year/period decreased mainly due to the incurring of listing expenses and also due to increases in operating lease expenses for existing and new tutorial centres and employee benefit expenses during the Track Record Period.

Highlight of our consolidated statements of financial position

	As at 31 March			As at 31 August
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	826	1,210	1,148	1,015
Current assets	16,084	12,063	19,608	16,846
Current liabilities	2,557	3,256	5,378	3,940
Net current assets	13,527	8,807	14,230	12,906
Net assets	14,353	10,017	15,378	13,921

Our current assets decreased from approximately HK\$16.1 million as at 31 March 2014 to approximately HK\$12.1 million as at 31 March 2015 primarily due to the decrease in amounts due from shareholders. Our current assets increased to approximately HK\$19.6 million as at 31 March 2016 from approximately HK\$12.1 million as at 31 March 2015 primarily due to increase in prepayments and deposits and cash and cash equivalents.

Our current liabilities increased from approximately HK\$2.6 million as at 31 March 2014 to approximately HK\$3.3 million as at 31 March 2015 mainly due to the increase in amount due to a shareholder offset by the decrease in tax payable. Our current liabilities increased to approximately HK\$5.4 million as at 31 March 2016 from approximately HK\$3.3 million as at 31 March 2015 mainly due to increase in accruals, receipts in advance and other payables.

Summary of cash flows

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Operating profit before working capital changes	13,124	13,360	8,098	3,275	2,772

SUMMARY

The operating profit before working capital changes decreased from approximately HK\$13.4 million for the year ended 31 March 2015 to approximately HK\$8.1 million for the year ended 31 March 2016 mainly due to the increase in listing expenses.

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Cash and cash equivalents at beginning of year/period	7,155	7,137	8,370	8,370	13,730
Net cash generated from operating activities	12,269	10,258	7,489	4,466	210
Net cash used in investing activities	(4,238)	(1,495)	(712)	(284)	(155)
Net cash (used in)/generated from financing activities	(8,049)	(7,530)	(1,417)	1,484	(3,028)
Cash and cash equivalent at the end of year/period	7,137	8,370	13,730	14,036	10,757

Cash and cash equivalent as at 31 March 2015 increased slightly to approximately HK\$8.4 million from approximately HK\$7.1 million as at 31 March 2014. Cash and cash equivalent as at 31 March 2016 increased to approximately HK\$13.7 million. This increase was mainly due to the proceeds from pre-ipo investment and less dividends was paid for the year ended 31 March 2016. Please refer to the section headed “Financial information — Liquidity and capital resources” of this prospectus for detail discussion.

Summary of financial ratios

	As at 31 March			As at
	2014	2015	2016	31 August 2016
Current ratio	6.3 times	3.7 times	3.6 times	4.3 times
Gearing ratio ^{Note}	N/A	13.4%	N/A	N/A

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
				(unaudited)	
Return on equity ratio	71.8%	91.5%	32.4%	N/A	14.0%
Return on total asset ratio	61.0%	69.0%	24.0%	N/A	10.9%
Interest coverage ratio	115 times	N/A	105 times	114 times	N/A
Net profit margin	28.5%	25.3%	12.9%	18.0%	14.2%
Net profit margin (exclude listing expenses)	28.5%	29.0%	29.3%	18.0%	18.8%

SUMMARY

Note: Gearing ratio is calculated by total debt over total equity as at the end of the respective year. Total debt includes all interest-bearing loans and amount due to a shareholder. The gearing ratio was approximately 13.4% as at 31 March 2015. It was a result of the amount due to a shareholder of approximately HK\$1.3 million as at 31 March 2015. The amount due to a shareholder was non-trade nature, unsecured, non-interest bearing and repayable on demand, which was fully settled during the year ended 31 March 2016. For the formulae of other key financial ratios, please refer to the section headed “Financial information — Key financial ratios” of this prospectus.

Our current ratio decreased from 6.3 times as at 31 March 2014 to 3.7 times as at 31 March 2015 due to the combined effect of the decrease in current assets and the increase in current liabilities. The decrease in current assets and increase in current liabilities were mainly due to the distribution of dividend, resulting in (i) the decrease of amounts due from shareholders of approximately HK\$4.2 million; and (ii) the increase of amount due to a shareholder of approximately HK\$1.3 million.

The net profit margin decreased from approximately 25.3% for the year ended 31 March 2015 to approximately 12.9% for the year ended 31 March 2016. The decrease was primarily attributable to increase in listing expenses of approximately HK\$4.9 million incurred for the year ended 31 March 2016.

Our profit after tax is mainly affected by changes in our (i) employee benefit expenses and (ii) operating lease expenses. The following illustrates the sensitivity of our profit after tax in relation to fluctuation in relation to each of these factors for the respective periods:

	Years ended 31 March			Five months ended	
	2014	2015	2016	31 August 2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Employee benefit expenses					
Impact to our net profit for the year/period					
–10%	1,176	1,082	1,132	467	489
–5%	588	541	566	234	245
5%	(588)	(541)	(566)	(234)	(245)
10%	(1,176)	(1,082)	(1,132)	(467)	(489)
Operating lease expenses					
Impact to our net profit for the year/period					
–10%	528	592	654	278	265
–5%	264	296	327	139	132
5%	(264)	(296)	(327)	(139)	(132)
10%	(528)	(592)	(654)	(278)	(265)

PREVIOUS LISTING APPLICATION

We submitted an application to the Stock Exchange on 14 May 2012 for the listing of the shares of the previous proposed holding company of our Group, Ying Lun Education Holdings Limited. Prior to the lapse of the listing application, the Stock Exchange received certain complaints regarding our Group, which required us to clarify disclosures regarding, inter alia, (a) our course materials and the regulatory compliance/non-compliance of the Copyright Ordinance; (b) our marketing materials and the basis of the information

SUMMARY

contained therein; and (c) our business operations, including our internal policies and measures to ensure compliance with the relevant laws and regulations in Hong Kong by our Group. The application was allowed to lapse by our Group due to the uncertainties on the time and cost required to address outstanding complaints mentioned above. For more information, please refer to the section headed “History, Reorganisation and corporate structure — Previous listing application” of this prospectus.

LISTING EXPENSES

Assuming the Offer Size Adjustment Option is not exercised and assuming an Offer Price of HK\$0.22 per Offer Share, being the mid-point of the indicative Offer Price range, the total amount of listing expenses in connection with the Share Offer (excluding effect of prepayment written-off regarding the previous listing exercise of approximately HK\$1.4 million recorded for the year ended 31 March 2015) is estimated to be approximately HK\$18.0 million of which approximately HK\$6.3 million and HK\$0.6 million was recognised in the consolidated profit or loss for the year ended 31 March 2016 and the five months ended 31 August 2016 respectively. Our Group estimates that listing expenses of approximately HK\$5.3 million will be charged to our consolidated statement of profit or loss after the Track Record Period for the year ending 31 March 2017. The balance of approximately HK\$5.8 million is expected to be recognised as a movement of share premium during the year ending 31 March 2017.

In view of the above, prospective investors should note that the financial results of our Group for the year ending 31 March 2017 will be materially and adversely affected by non-recurring expenses in relation to the Listing. Prospective investors are specifically warned that given the aforesaid expenses, our Group’s consolidated statements of profit or loss and other comprehensive income for the year ending 31 March 2017 may show a decline as compared to that for the previous financial year. Our Directors wish to emphasise that the aforesaid amount of listing expenses is a current estimate for reference only and the final amount to be recognised in equity and our Group’s consolidated statements of profit or loss and other comprehensive income for the year ending 31 March 2017 is subject to adjustment due to changes in estimates and assumptions.

DIVIDENDS

For each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, we declared dividends of HK\$2.7 million, HK\$13.5 million, HK\$3.0 million and HK\$3.4 million respectively to our shareholders. All the dividends declared during the Track Record Period had been fully settled as at the Latest Practicable Date. Dividends amounting to approximately HK\$4,670,000 and HK\$372,000 declared by Bright Union during the year ended 31 March 2015 and the five months ended 31 August 2016 respectively were settled through the current accounts with its shareholders, subsequently, the remaining amount were fully settled by cash. The declaration and payment of future dividends will be subject to the decision of our Board having regard to various factors, including but not limited to our operation and financial performance, profitability, business development, prospects, capital requirements, and economic outlook. It is also subject to the approval of our Shareholders as well as any applicable laws. The historical dividend payments may not be indicative of future dividend trends. We do not have any predetermined dividend payout ratio.

SUMMARY

RECENT DEVELOPMENTS

During the Track Record Period, we operated, among others, the Grandeur Terrace centre which commenced business in March 2010. The revenue contribution from the Grandeur Terrace centre was approximately HK\$4.9 million, HK\$4.6 million, HK\$4.9 million and HK\$1.8 million for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively, representing approximately 13%, 13%, 13% and 13% of our total revenue over the same period. The leased premises for the Grandeur Terrace centre are set to expire in December 2016.

We do not intend to renew the lease agreement in relation to the Grandeur Terrace centre upon its expiry given that we intend to replace this centre with our new Tin Chak centre as our Directors believe that the new Tin Chak centre will better serve our students since (i) the size of the Tin Chak centre is significantly larger than the Grandeur Terrace centre; (ii) it is one large shop instead of two separate shops in the Grandeur Terrace centre which could facilitate better management; and (iii) it is in a shopping mall instead of near the street which we believe is a more attractive location. This new centre is currently under renovation. We estimate the expenditure and start-up cost of the new centre (being mainly renovation costs) will be approximately HK\$0.5 million and we will accordingly incur such costs after the Track Record Period. Up to the Latest Practicable Date, the renovation is completed and we have already incurred approximately HK\$0.5 million. Up to the Latest Practicable Date, this Tin Chak centre has not yet commenced business but we expect it to commence business on or around 25 November 2016.

As at the Latest Practicable Date, we have received the certificates issued by the Fire Services Department and Buildings Department as well as the Certificate of Registration of a School in relation to the Tin Chak centre. Based on the conversations between us and the EDB, we understand we will receive the Certificate of Accommodation issued by the EDB in relation to the Tin Chak centre on or around 24 November 2016. Our Directors confirm that we have notified our existing students enrolled in the Grandeur Terrace centre concerning the relocation and encouraged new students to join our other centres instead. Our Directors believe that we will not experience any material disruption in our business operations due to the relocation from the Grandeur Terrace centre to the Tin Chak centre for the following reasons: (i) the Tin Chak centre is in the vicinity of the Grandeur Terrace centre and we have four other centres in Yuen Long to service students in this area; (ii) the premises for the Tin Chak centre is in a shopping mall and accessible to the public; and (iii) as mentioned above, we notified students to prepare them for the relocation and minimise its impact.

As at the Latest Practicable Date, we had 588 enrollments comprising of 575 enrollments for courses which have already commenced at Grandeur Terrace centre and 13 enrollments for courses expected to first commence at Grandeur Terrace centre and prior to the relocation to Tin Chak centre. Our Directors confirm that up to the Latest Practicable Date, none of such students have requested withdrawal. Accordingly, our Directors' are of the view that such 588 enrollments will be transferred from our Grandeur Terrace centre to the Tin Chak centre upon the commencement of business of the Tin Chak centre. Based on

SUMMARY

the above figures and using the same calculation basis for utilisation rates in the section headed “Business” of this prospectus, the expected utilisation rate will be approximately 70%.

Except as noted above, we continued to focus on our business of providing primary tutoring services and secondary tutoring services and our business model remained unchanged since 31 August 2016. According to the Industry Report, the forecasted market sales value of primary and secondary tutoring services from 2015/2016 to 2018/2019 is generally expected to show an increasing trend due to the increasing tutoring fee (for further details, please refer to the section headed “Industry overview” of this prospectus). Leveraging on our competitive strengths and the potential for growth as set out in the section headed “Future plans and use of proceeds — Future plans — Reasons for the Listing” of this prospectus, our Directors believe we can continue to benefit from the expected growth in the industry.

MATERIAL ADVERSE CHANGE

Our Directors expect that, except for the closure of the Grandeur Terrace centre and relocation to and opening of our Tin Chak centre and the expenses in connection with the Listing, there has been no material adverse change in our financial or trading position since 31 August 2016, being the end of period reported in the Accountants’ Report set out in Appendix I to this prospectus, and there has been no event since 31 August 2016 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus.

DEFINITIONS

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

“Application Form(s)”	WHITE Application Form(s) and YELLOW Application Form(s), or where the context so requires, any of them
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, conditionally adopted on 3 November 2016, and to take effect on the Listing Date, as supplemented, amended or otherwise modified from time to time, a summary of which is contained in Appendix III to this prospectus
“associate(s)” or “close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Billion Bright”	Billion Bright Management Limited (財智管理有限公司), a company incorporated in the BVI with limited liability on 1 July 2009 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Board” or “Board of Directors”	our board of Directors
“Bookrunner”	CSL Securities
“Bright Union”	Bright Union International Limited (群俊國際有限公司), a company incorporated in Hong Kong with limited liability on 7 December 2007 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Business Day”	a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“Buy-Back Mandate”	the general mandate to buy back Shares given to our Directors by our Shareholders, a summary of which is contained in the section headed “Further information about our Group — Written resolutions of our Shareholders dated 3 November 2016” in Appendix IV to this prospectus

DEFINITIONS

“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of 349,995,000 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “Further information about our Group — Written resolutions of our Shareholders dated 3 November 2016” in Appendix IV to this prospectus
“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
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Companies Law” or “Cayman Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which came into effect on 3 March 2014 as amended, supplemented or otherwise modified from time to time
“Company”, “the Company” or “our Company”	Goldway Education Group Limited, an exempted company incorporated in the Cayman Islands with limited liability on 19 October 2015
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules, and in the context of this prospectus, unless the context otherwise requires, means Digital Achiever, Golden Dust, Mr. Cheung and Mr. Cheung Luk Sun

DEFINITIONS

“Controlling Shareholders’ Non-nomination Undertaking”	the undertaking dated 16 November 2016 made by each of our Controlling Shareholders to our Company and the Stock Exchange in relation to the waiver of exercising his/its right to nominate and vote for the appointment of a director/directors to our Company, as further described in the section headed “Relationship with Controlling Shareholders — Undertakings” of this prospectus
“Controlling Shareholders’ Non-disposal Undertaking”	the undertaking dated 16 November 2016 made by each of our Controlling Shareholders to our Company and the Stock Exchange in relation to non-disposal of interests in our Company for a period of two years from the Listing Date, as further described in the section headed “Relationship with Controlling Shareholders — Undertakings” of this prospectus
“Copyright Ordinance”	the Copyright Ordinance (Chapter 528 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules
“CSL Securities” or “Bookrunner” or “Lead Manager”	CSL Securities Limited, the sole bookrunner and a lead manager of the Share Offer and a corporation licensed under SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) of the regulated activities (as defined under the SFO)
“CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) which came into effect on 3 March 2014 as amended, supplemented or otherwise modified from time to time
“Deed of Indemnity”	the deed of indemnity dated 16 November 2016 executed by our Controlling Shareholders as indemnifiers in favour of our Company (for itself and as trustee for and on behalf of our subsidiaries from time to time) as further detailed in the section headed “Other information — Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 16 November 2016 executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for and on behalf of our subsidiaries from time to time) as further described in the section headed “Relationship with Controlling Shareholders — Deed of Non-Competition” of this prospectus

DEFINITIONS

“Digital Achiever”	Digital Achiever Limited, a company incorporated in the BVI with limited liability on 3 July 2015, which is directly wholly-owned by Mr. Cheung, and one of our Controlling Shareholders
“Director(s)”	the director(s) of our Company
“EDB”	the Education Bureau of the Government of Hong Kong
“Education (Exemption) Order”	the Education (Exemption) (Private Schools Offering Non-Formal Curriculum) Order (Chapter 279F of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Education Ordinance”	the Education Ordinance (Chapter 279 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Education Regulations”	the Education Regulations (Chapter 279A of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Elegant Fame”	Elegant Fame International Limited (采榮國際有限公司), a company incorporated in Hong Kong with limited liability on 5 February 2003 and our predecessor company (for details including its dissolution, please refer to the section headed “History, Reorganisation and corporate structure” of this prospectus)
“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
“Golden Dust”	Golden Dust Holdings Limited, a company incorporated in the BVI with limited liability on 10 July 2015, which is directly wholly-owned by Mr. Cheung Luk Sun, and one of our Controlling Shareholders
“Group” or “our Group” or “we” or “us”	our Company and our subsidiaries or any of them, or where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HK\$”, “Hong Kong dollars” or “HK dollars” and “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

DEFINITIONS

“HKFRS”	Hong Kong Financial Reporting Standards
“HKICPA”	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
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“Incorporation Share”	one Share which was allotted and issued to the initial subscriber on 19 October 2015 and was transferred to Digital Achiever on the same date
“Independent Third Party(ies)”	person(s) or company(ies) who or which is/are independent of and not connected with any of the directors, chief executive, or Substantial Shareholders of our Company or our subsidiaries or any of their respective associates
“Industry Report”	an independent industry report prepared by Ipsos and commissioned by our Company on the private tutoring services industry in Hong Kong, the content of which is quoted in this prospectus
“Internal Control Adviser”	ZHONGHUI ANDA Risk Services Limited, an Independent Third Party, being an internal control adviser engaged by our Company
“Ipsos”	Ipsos Limited, an Independent Third Party, being a professional market research company engaged by our Company
“Joint Lead Managers”	together CSL Securities and Kingsway Financial
“Kingsway Financial” or “Lead Manager”	Kingsway Financial Services Group Limited, a lead manager for the Share Offer and a corporation licensed under the SFO to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) of the regulated activities (as defined under the SFO)

DEFINITIONS

“Latest Practicable Date”	9 November 2016, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein
“Legal Counsel”	Ms. Rebecca M.K. Lee, barrister-at-law in Hong Kong, an Independent Third Party, being a legal counsel engaged by our Company
“Listing”	the listing and the commencement of dealings of our Shares on GEM
“Listing Date”	the date on which our Shares are listed and dealings in our Shares first commence on GEM, which is expected to be on or about 2 December 2016
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company adopted on 3 November 2016, as amended, supplemented or otherwise modified from time to time
“Mr. Cheung”	Mr. Cheung Lick Keung (張力強), one of our executive Directors, he is also our chairman and the chief executive officer of our Group. Mr. Cheung is the brother of Mr. Cheung Luk Sun (one of our Controlling Shareholders) and spouse of Ms. Chan Hoi Ying Karina (one of our executive Directors)
“Mr. Cheung Luk Sun”	Mr. Cheung Luk Sun (張力新), a member of senior management. Mr. Cheung Luk Sun is the brother of Mr. Cheung (one of our executive Directors and Controlling Shareholders) and brother-in-law of Ms. Chan Hoi Ying Karina (one of our executive Directors)
“Ms. Cheng”	Ms. Cheng Sin Hang, the mother of Mr. Cheung and Mr. Cheung Luk Sun, the founder of Logic Tutorial Centre
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK\$0.24 per Share and expected to be not less than HK\$0.20 per Share, at which the Offer Shares are to be offered under the Share Offer, to be determined in the manner as set out in the section headed “Structure and conditions of the Share Offer” of this prospectus
“Offer Shares”	collectively, the Placing Shares and the Public Offer Shares

DEFINITIONS

“Offer Size Adjustment Option”	the option granted by our Company to the Placing Underwriters, exercisable by the Joint Lead Managers or their agent on behalf of the Placing Underwriters, at their absolute discretion, whereby our Company may be required to allot and issue up to 22,500,000 additional Placing Shares representing up to 15% of the Offer Shares initially available under the Share Offer, at the Offer Price solely to cover excess demand (if any) in the Placing, subject to the terms of the Placing Underwriting Agreement
“per cent.” or “%”	per cent.
“Pilot Way”	Pilot Way Management Limited, a company incorporated in the BVI on 2 January 2003 with limited liability, and is owned as to 50% by Mr. Cheung and 50% by Mr. Cheung Luk Sun, the previous owner of Bright Union before 11 August 2009
“Placing”	the conditional placing of the Placing Shares at the Offer Price for and on behalf of our Company to professional, institutional and other investors, as described under the section headed “Structure and conditions of the Share Offer” of this prospectus
“Placing Shares”	the 135,000,000 new Shares initially offered by our Company for subscription under the Placing, subject to reallocation and the Offer Size Adjustment Option, as described under the section headed “Structure and conditions of the Share Offer” of this prospectus
“Placing Underwriters”	the underwriters that are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares
“Placing Underwriting Agreement”	the conditional underwriting agreement expected to be entered into on or around 23 November 2016 by, among others, our Company, our executive Directors, our Controlling Shareholders, the Sponsor and the Placing Underwriters relating to the Placing
“PRC” or “China”	the People’s Republic of China, and for the purpose of this prospectus (including geographical reference mentioned herein), and except where the context otherwise requires, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) prior to its repeal and replacement on the 3 March 2014 by the Companies Ordinance and CWUMPO

DEFINITIONS

“Price Determination Agreement”	the agreement be entered into between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) on or before the Price Determination Date to record and determine the Offer Price
“Price Determination Date”	the date, expected to be on or before 23 November 2016, or such later date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters), on which the Offer Price is fixed for the purpose of the Share Offer
“Public Offer”	the issue and offer of the Public Offer Shares for subscription in Hong Kong at the Offer Price on and subject to the terms and conditions described in this prospectus and the Application Forms
“Public Offer Shares”	the 15,000,000 Shares (subject to reallocation) initially offered by our Company for subscription in the Public Offer, as described under the section headed “Structure and conditions of the Share Offer” of this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer, whose names are set out under the section headed “Underwriting — Public Offer Underwriters” of this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 16 November 2016 entered into by, among others, our Company, our executive Directors, our Controlling Shareholders, the Sponsor and the Public Offer Underwriters relating to the Public Offer
“Regulation S”	Regulation S under the US Securities Act
“Reorganisation”	the corporate reorganisation of our Group in preparation for the Listing, details of which are described in the section headed “History, Reorganisation and corporate structure” of this prospectus
“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
“Shareholder(s)”	holder(s) of our issued Shares
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of our Company

DEFINITIONS

“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 3 November 2016, further details of which are described in the section headed “Share Option Scheme” in Appendix IV to this prospectus
“Simple Joyous”	Simple Joyous Limited (謙亮有限公司), a company incorporated in the BVI with limited liability on 25 August 2015 and a direct wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Sponsor” or “Kingsway Capital”	Kingsway Capital Limited, the sole sponsor for the Listing and a corporation licensed under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities (as defined under the SFO)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Substantial Shareholder(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the three financial years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “US”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“US Securities Act”	the United States Securities Act of 1933, as amended
“Wealth Secret”	Wealth Secret Limited, a company incorporated in the BVI with limited liability on 8 May 2015, which is directly wholly-owned by Mr. Chan Ka Yeung

DEFINITIONS

- “**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/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

All times and dates refer to Hong Kong local time and dates unless otherwise stated.

Unless otherwise specified, all relevant information in this prospectus assumes no exercise of the Offer Size Adjustment Option.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this prospectus in connection with our business or our Group. As such, these terms and their meanings may not correspond to standard industry meanings or usages of these terms.

“334 System”	the Hong Kong academic structure, consisting of three years of junior secondary education (S1 to S3), three years of senior secondary education (S4 to S6) and four years of tertiary education, implemented by EDB in September 2009
“CAGR”	compound annual growth rate
“Certificate(s) of Accommodation”	certificate(s) of accommodation issued by EDB specifying, inter alia, the maximum number of students permitted in every classroom of a certain school
“Certificate(s) of Registration of a School”	certificate(s) of registration of a school issued by EDB certifying the registration of school under section 13 of the Education Ordinance
“Chained Private Tutoring Centres”	the private tutoring centres operated by the Chained Private Tutoring Companies
“Chained Private Tutoring Companies”	the private tutoring companies who operate two or more centres (branches) located in Hong Kong
“course enrolment(s)”	enrolment(s) to our course(s), and for the avoidance of doubt, a student may enrol in a number of our courses resulting in a number of enrolments. As such, the number of enrolment(s) may not correspond with the number of student(s)
“Fees Certificate(s)”	fees certificate(s) issued by EDB containing, inter alia, the name of school, name of supervisor/chairperson, address of school, course name(s), tuition fees per installment and number of installment
“Form (1, 2, 3, 4, 5, 6 or 7)” or “F (1, 2, 3, 4, 5, 6 or 7)”	the respective form 1 to 7 (as the case may be) secondary school levels prior to the implementation of the 334 System
“HKALE”	Hong Kong Advanced Level Examination administered by HKEAA
“HKCEE”	Hong Kong Certificate of Education Examination administered by HKEAA
“HKDSEE”	Hong Kong Diploma of Secondary Education Examination administered by HKEAA

GLOSSARY OF TECHNICAL TERMS

“HKEAA”	Hong Kong Examination and Assessment Authority
“Licensed Work”	<p>(i) each of such question paper(s) for one examination subject of HKCEE or HKALE contained in the Examination Report and Question Papers published by HKEAA or any part thereof, provided that each of the component papers and each of the language versions of the question paper for one examination subject shall be treated as a separate “Licensed Work” for the purpose of the copyright licence; and/or</p> <p>(ii) (a) each of such question paper(s) for one examination subject of HKDSE contained in the Examination Report and Question Papers published by HKEAA or any part thereof, or (b) each of such sample paper(s) for one examination subject contained in the HKDSEE Standards-referenced Reporting (SRR) Information Package published by HKEAA or any part thereof, or (c) each of such HKDSEE practice paper(s) for one examination subject published by HKEAA or any part thereof,</p> <p>in each case of (ii)(a), (ii)(b) or (ii)(c), provided that each of the component papers and each of the language versions of the question paper or sample paper or practice paper for one examination subject shall be treated as a separate “Licensed Work” for the purpose of the copyright licence</p> <p>For the avoidance of doubt, “Licensed Work” excludes (i) any examination materials and examination related materials expressly excluded in the licence certificate; and (ii) other examination materials and examination related materials of HKCEE, HKALE or HKDSEE including but not limited to questions papers not contained in the Examination Report and Question Papers published by HKEAA, sample question papers of HKCEE or HKALE, marking schemes, examination reports, guidelines, handbooks, other examination publications of HKEAA, and any parts of the HKDSEE SRR Information Package (other than the sample papers contained therein)</p>
“Primary (1, 2, 3, 4, 5 or 6)” or “P (1, 2, 3, 4, 5, or 6)”	the respective primary 1 to 6 (as the case may be) school levels for primary schools in Hong Kong

GLOSSARY OF TECHNICAL TERMS

“primary tutoring services”	tutoring services provided by chained private educational institution on subjects taught under the formal primary school curriculum set forth by EDB and services on supervising and tutoring day-to-day schoolwork of primary school students in Hong Kong
“Qualified Tutor(s)”	person(s) who satisfy(ies) the qualification requirements as stated in the section headed “Regulatory overview — Education (Exemption) Order — Employment of teachers” of this prospectus and has (have) been or will be employed as a teacher (teachers) of our Group (as the case may be)
“Secondary (1, 2, 3, 4, 5 or 6)” or “S (1, 2, 3, 4, 5 or 6)”	the respective secondary 1 to 6 (as the case may be) school levels under the 334 System
“secondary day school education”	secondary school education under the formal secondary school curriculum set forth by EDB
“secondary tutoring services”	tutoring services provided by chained private educational institution on subjects taught under the formal secondary school curriculum set forth by EDB
“sq. ft.”	square feet

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, including, but without limitation to, the words and expressions such as “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “plan”, “potential”, “predict”, “propose”, “seek”, “should”, “will”, “would” and the negative of these words or other similar expressions or statements, in particular, in the sections headed “Business”, “Financial information” and “Future plans and use of proceeds” of this prospectus in relation to future events, business or other performance and development, the future development of our Group’s industry and the future development of the general economy of our Group’s key markets and globally.

These statements are based on numerous assumptions regarding our Group’s present and future business strategy and the environment in which our Group will operate in the future. These forward-looking statements reflecting our Group’s current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including but not limited to the risk factors described in this prospectus and the following:

- our Group’s business and operating strategies and our Group’s ability to implement such strategies;
- our Group’s capital expenditure and expansion plans;
- our Group’s ability to further develop and manage our Group’s expansion projects as planned;
- our Group’s operations and business prospects;
- various business opportunities that our Group may pursue;
- our Group’s financial position;
- the availability and costs of bank loans and other forms of financing;
- our Group’s dividend policy;
- the regulatory environment of our Group’s industry in general;
- the performance and future developments of our Group’s industry;
- changes in competitive conditions and our Group’s ability to compete under these conditions; and
- other factors beyond our Group’s control.

One or more of these risks may materialise and various underlying assumptions may prove incorrect.

FORWARD-LOOKING STATEMENTS

Subject to the requirements of the applicable laws, rules and regulations, our Company does not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other 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 the cautionary statements set out in this section.

In this prospectus, statements of or references to the intentions of our Company or any of our Directors are made as at the date of this prospectus. Any such intentions may potentially change in light of future developments.

RISK FACTORS

You should carefully consider all of the information set out in this prospectus including the risks and uncertainties described below as holding our Shares involve various risks. The business, financial condition or results of operations of our Group could be materially adversely affected by any of these risks. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

If we fail to maintain our registrations or exemptions under the Education (Exemption) Order or fail to apply for such registrations or exemptions for our tutorial centres the operations for such centres will have to be suspended and our business and operating results may be materially and adversely affected

As at the Latest Practicable Date, we operated 13 tutorial centres (excluding our Tin Chak centre which is expected to commence operation in November 2016) offering private tutorial classes and we have obtained both the certificates of registration of a school and certificates of accommodation for all of them. Additionally, as all of the abovementioned tutorial centres are categorised as private schools offering non-formal curriculum registered under the Education Ordinance, they enjoy exemption from certain provisions under the Education Ordinance, the Education Regulations and/or the Education (Exemption) Order (for further details please refer to the section headed “Regulatory overview — Education (Exemption) Order” of this prospectus).

Nevertheless, there is no assurance that the abovementioned certificates and/or exemptions would not be revoked or abolished by the relevant regulatory authorities in the future or that we will be able to receive such certificates or satisfy such exemptions for new tutorial centres. If we are not able to obtain the abovementioned certificates and/or exemptions for new tutorial centres or our existing certificates and/or exemptions are revoked or abolished, operation in those relevant centres will have to be suspended and our business and operating results may be materially and adversely affected.

If we fail to recruit and retain capable staff particularly tutors, we may be unable to maintain consistent efficiency in our operations and teaching quality and our brand, reputation, operations and expansion plans may be materially and adversely affected

The consistent efficiency in our operations and quality of our tutoring services are, to a significant extent, attributable to our staff, particularly our tutors, as we rely on them to teach our students on a regular basis. For the years ended 31 March 2014, 2015 and 2016 and five months ended 31 August 2016, our average staff turnover rates for the year (including tutors and other staff) were approximately 45%, 36%, 33% and 30% respectively and our average tutor turnover rates for the year were approximately 36%, 36%, 36% and 32% respectively.

Furthermore, given that the number of tutors with necessary teaching experience and qualification is limited in the market partly due to the intense competition in the private tutoring services industry, we may experience difficulty in recruiting and retaining sufficient

RISK FACTORS

capable and qualified tutors to keep pace with our growth while maintaining consistent teaching standard across our tutorial centres. During the Track Record Period, the changes to the number of tutors are set out below:

	For the years ended 31 March			For the five months ended 31 August
	2014	2015	2016	2016
Number of tutors at the start of the period	42	42	42	41
Number of new tutors	15	15	14	11
Number of tutors who left during the period	15	15	15	13
Number of tutors at the end of the period	42	42	41	39

If we fail to recruit and retain capable and qualified tutors or find appropriate replacement after any unanticipated departure of such tutors or otherwise we are unable to find suitable replacements after staff departure, we may be unable to maintain consistent efficiency in our operations and teaching quality and our brand, reputation, operations and expansion plans may be materially and adversely affected. In addition, there is no guarantee that our staff costs will not increase in the future in order to attract and retain capable and qualified tutors given that according to the Industry Report, one of the major threats in the industry is difficulty in tutor recruitment and retention. If our staff costs increase, our financial performance may be materially and adversely affected.

There is no guarantee that the non-solicitation and non-compete clauses in our agreements with our tutors will be effective in protecting our interests

Our current or former tutors may be engaged in the provision of tutoring services which compete with us. Even though we have non-solicitation and non-compete clauses in our service agreements with our tutors, there is no guarantee that such clauses will be effective in protecting our interests. For example, the conduct by the former tutor may fall outside the period of such clauses (generally being a period covering his/her employment with us and up to one year after termination) or a court may find in the circumstances of the specific tutor that such clauses were unreasonable restraint of trade and therefore unenforceable. Even if we are aware of such competing business and such conduct falls within the provisions of our non-solicitation and non-compete clauses, we may need to spend resources and incur costs to enforce such provisions against tutors.

In the event of failure by our non-solicitation and non-compete clauses in protecting our interest and the tutors successfully solicit a large number of our customers or otherwise significantly increases the level of competition in areas where we operate, our business and financial performance may be materially and adversely affected.

RISK FACTORS

If we are unable to offer attractive courses at commercially viable fees our revenue and profitability may decline

Our revenue and profits are greatly affected by the number of course enrolments in our courses and the amount of course fees that students are willing to pay. For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, we had approximately 56,100, 57,300, 53,800 and 19,000 course enrolments respectively. Our average course fees varied depending on, among factors, whether it was for primary tutoring services or secondary tutoring services as well as the nature of the courses (for breakdown of the average course fees during the Track Record Period, please refer to the section headed “Business — Our business and operations — Our services” of this prospectus.)

Our business is dependent on our ability to continue to maintain the number of course enrolments at commercially viable fee levels. Our Directors believe that this in turn will depend on the following factors, including but not limited to our Group’s ability to (i) develop new programmes and enhance existing programmes to respond to changes in market trends, education system and curriculum and student demands; (ii) expand our geographic coverage, manage our growth while maintaining consistency of teaching standard; and (iii) effectively market our programmes to a broader base of prospective students. Any inability to maintain or achieve the aforesaid could materially and adversely affect our Group’s revenue and profitability.

Our revenue is mainly derived from secondary tutoring services and therefore our prospects and results of operation may be materially and adversely affected by a reduction in demand for such services

Our revenue is mainly derived from secondary tutoring services. For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, revenue from secondary tutoring services represented approximately 82.2%, 81.5%, 80.0% and 78.0% of our total revenue respectively. Our Directors expect that the secondary tutoring services will continue to be a substantial and important revenue stream of our Group in the near future. However, according to the Industry Report, during the academic years 2015/16 to 2018/19, the number of secondary school students is expected to decrease from approximately 352,600 students to approximately 306,200 due to the fall in birth rate in the late 1990s. If such trend or other changes such as to Hong Kong secondary school system leads to a reduction in demand for our secondary tutoring services and we fail to adequately and promptly respond to such changes, our prospects and results of operation may be materially and adversely affected.

Loss of key management for our operations may materially affect our operations

Our success is, to a significant extent, attributable to the leadership and contributions of our management team as described in the section headed “Directors and senior management” of this prospectus, particularly, Mr. Cheung, our executive Director, and Mr. Cheung Luk Sun, a member of our senior management each has over 15 years of experience in the education industry or private tutoring services industry in Hong Kong and has been

RISK FACTORS

with Logic Tutorial Centre since 2005 and 2007 respectively. Mr. Cheung is also registered as the manager and approved as the supervisor of our tutorial centres under those certificates of registration of a school.

Our continued success is therefore dependent to a large extent on our ability to retain the services of our management team. Any unanticipated departure of members of the management team without appropriate replacement found may impact, among others, our business strategy and day-to-day management. Such loss may therefore have a material adverse effect on our business operations and profitability.

Our profitability could be adversely affected by increases in our rental expenses and failure to renew existing agreements or find premises may affect our business operations and financial conditions

The success of our business is affected by our ability to secure suitable locations at favourable terms to operate our tutorial centres. A suitable location is characterised by, among other factors, potential demand from customers (such as by looking at the number of estates and residences in the proximity); accessibility by public transport; and sufficient space for our operations and expansion. As at the Latest Practicable Date, all of our tutorial centres are located at leased premises and therefore we are exposed to the conditions of the rental market in Hong Kong. Our rental expenses had an increasing trend during the Track Record Period. For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, our rental expenses amounted to approximately HK\$6.3 million, HK\$7.1 million, HK\$7.8 million and HK\$3.2 million respectively, representing approximately 26.5%, 30.0%, 31.3% and 30.1% of our total cost of service respectively.

In addition, our agreements for the leased premises as at the Latest Practicable Date have a term of approximately two to four years and therefore, we need to renegotiate with the relevant landlord upon the relevant expiry date of each agreement. In relation to our leased premises as at the Latest Practicable Date:

- the shortest agreement, being two years in duration, relates to part of the leased premises where our Parklane Square centre is located and the leased premises where our Fortune Kingswood is located;
- the earliest expiry date for such agreements is on 1 December 2016 and this agreement relates to the leased premises where the Grandeur Terrace centre is located (for further details, please refer to the section headed “Business — Our business and operations — Our network” of this prospectus);
- apart from the abovementioned lease agreement of Grandeur Terrace centre, there are two other lease agreements which will expire within six months of the Latest Practicable Date, namely (i) the lease agreement of Lung Mun centre which expiry date is 28 February 2017; and (ii) the lease agreement of Fortune Kingswood centre which expiry date is 31 March 2017; and
- the rental is not fixed but subject to formula for four of such agreements over leased premises.

RISK FACTORS

For the details and location of our leased premises, please refer to the section headed “Business — Properties” of this prospectus.

Unpredictable rental increase for the leased premises may prevent us from renewing the existing leased premise agreements on terms and conditions acceptable to us or we may have to renew such lease on less favorable terms and hence increasing our rental expenses. There is no assurance that our rental expenses will not increase in the future or upon renegotiation upon expiry of specific agreements. Any material increase may materially and adversely affect our profitability. For a sensitivity analysis on the impact on the profit after tax as a result of changes in operating lease expenses, please refer to the section headed “Financial information — Financial risk — v) Operation cost risk exposure” of this prospectus. Furthermore given the highly competitive market, therefore is no assurance we will be able to find suitable premises for our tutorial centres with reasonable commercial terms. Even if we find such premises, there is no guarantee our customers will be willing to change to such new premises such as the case with our students of the Grandeur Terrace centre moving to our new Tin Chak centre in its vicinity and which is expected to commence business in November 2016. In the event where there is a need for relocation or opening of new tutorial centres in the future, we may incur costs for relocation and renovation and/or certain students may be unwilling to take courses at the relocated or new tutorial centres, which may materially and adversely affect our business operations, financial conditions and prospects given our expansion strategy.

We may not be able to maintain the current levels of operational efficiency in our tutorial centres as well as growth and implementation of our future plans

Our performance is affected by our ability to operate our tutorial centres in an efficient and profitable manner. As at the Latest Practicable Date, we operated 13 tutorial centres (excluding our Tin Chak centre which is expected to commence operation in November 2016) all on leased properties in Hong Kong of which six were located in Tuen Mun, five were located in Yuen Long and one was located in Kowloon City and Tai Po each (for further details, please refer to the section headed “Business — Our business and operations — Our network” of this prospectus). However, the performance and utilisation rate of each centre during the Track Record Period varied significantly. The highest utilisation rates of our centres were approximately 94%, 82%, 81% and 84% for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively and the lowest utilisation rates during the Track Record Period being approximately 20%, 13%, 4% and 10% over the same period. Although none of our tutorial centres were loss-making during the Track Record Period except for the closed YOHO centre for the year ended 31 March 2016, if we are unable to maintain and improve the efficiency and profitability in our tutorial centres, our Group’s financial performance may be adversely affected.

In addition, we expect to open seven new tutorial centres in Hong Kong, which are expected to commence business by 31 March 2019. In our expansion plan, we focus mostly on locations which are not covered by our existing network such as Fanling, Kwun Tong, Kowloon Bay, Tsz Wan Shan, Shatin and Tseung Kwan O. We also intend to locate a new centre in Yuen Long but considering the large size of this district, such new centre is expected to be located in an area away from Tin Shui Wai where currently four of our

RISK FACTORS

centres are located as well as our existing Yuen Long centre. We expect the total capital expenditure and other initial investment costs for each new centre to be approximately HK\$1.6 million to HK\$1.7 million. These costs include initial renovation costs and estimated working capital requirements for 12 months for purposes of rental expenses and staff costs for new tutors and supporting staff. Such increase of operating cost may affect our future profit. Our business objectives, business strategies, future plans, estimated capital expenditure and investment costs are based on current assumptions and intentions of our Directors and subject to uncertainties and risks including factors outside of our control. We may be unable to achieve the anticipated growth and expansion of our business due to factors such as our ability to maintain consistent quality of teaching across tutorial centres, limits on our ability to deploy human resources (particularly tutors) as well as operational, technological and other resources. In addition, there are certain risks with expanding into other areas of Hong Kong which is currently not within our network. These risks include (i) not being able to compete effectively with competitors already established in such areas; (ii) not being able to find suitable locations for establishing a centre in such areas or not being able to enter into a lease agreement on favourable terms; (iii) not being able to attract sufficient number of new students due to our limited presence and lower brand recognition in such new areas; (iv) cost estimations for establishing new tutorial centres and on-going operational expenses may exceed our estimates; and (v) we may not achieve estimated breakeven period and investment payback period of approximately five months and ten months respectively. As such, there is no assurance that we will successfully implement our strategies (including our expansion plan) or that our strategies, even if implemented, will result in achievement of our objectives. If we fail to run the new tutorial centres profitably and if our business objectives are not achieved, our Group's financial performance may be adversely affected.

Our historical financial and operating results are not indicative of future performance and our results may vary during the year due to seasonality and other factors

Our revenue is principally derived from course fees which are directly correlated with the number of course enrolments. In turn, the number of course enrolments may fluctuate substantially from year to year owing to a number of factors beyond our control including but not limited to the level of competition in the private tutoring services industry, changes in the education system and/or the economy of Hong Kong as a whole. Accordingly, our revenue and profitability can be highly unpredictable and our historical financial and operating results are not indicative of future performance.

Additionally, our business is subject to seasonality and historically we experienced a drop in our revenue during the summer holiday from July, which picked up after the school term resumed around September (for further analysis, please refer to the section headed "Business — Our business and operations — Seasonality" of this prospectus). Besides such seasonal enrolment patterns, our business during the year may also fluctuate due to external factors beyond our control, or as a result of an increased variety of tutoring courses offered by us, such as introduction of new language courses, (which are less susceptible to the effect of seasonality). Accordingly, our Directors consider that comparisons of our Group's operating results during the year may not be meaningful and that these comparisons may not be an accurate indicator of our Group's future performance.

RISK FACTORS

Our Group's business and reputation may be affected by complaints and litigation claims and our insurance may be insufficient to cover all such claims

During the Track Record Period, we received certain complaints from our customers and we may receive other complaints from time to time in relation to our business and operations from customers directly or indirectly through entities in Hong Kong such as the Consumer Council (for details of certain complaints during the Track Record Period, please refer to the section headed “Business — Quality assurance” of this prospectus.) We may also be exposed to personal injury claims and occupier's liability claims due to the injuries of students or our employees at our tutorial centres or other litigation claims such as liability claims, intellectual property claims, employees' compensation claims and labour disputes during the course of our operations.

Any such claims against us and any legal proceedings, arbitration or administrative sanctions or penalties arising therefrom, irrespective of the outcome or the merits of such claims, would adversely affect our business, reputation, financial condition and results of operations. Although our Group has taken out insurance policies against all of the risks associated with our operations in line with industry norm as detailed in the section headed “Business — Insurance” of this prospectus, the scope or amount of coverage may be insufficient to cover the costs from such claims.

Even if we are able to defend any such complaints or claim successfully, we cannot assure you that our customers will not lose confidence in our business, which may in turn adversely affect our future business. In addition, any complaints or claims could result in significant costs and expenses for us including the time spent to address such complaints or claims which may or may not be recoverable.


Copyright infringement claims and other alleged breaches of (i) intellectual property rights or (ii) licences of intellectual property rights against us and/or our tutors could materially and adversely affect our business and operating results

Given that we rely on our tutors to follow our safeguards in using only authorised materials during the course of our operation as detailed in the section headed “Business — Employees, management and tutors — Our tutors — Teaching method and course materials” of this prospectus, there is no assurance that all course materials, notes and homework assignments used for our tutoring services by our tutors or the student will not infringe or be alleged to have infringed the copyright of any third parties. This may occur if our tutors use third-party copyrighted materials or if our students distribute unauthorised third-party copyrighted materials in our tutorial centres. Even if we obtain relevant licences from the copyright owner, there is also no assurance that we will fully comply with the terms and conditions of such licenses due to the actions of our tutors or students. Prior to the Track Record Period, we discovered certain course materials used by us exceeded the usage limit according to the terms of the licenses granted by the HKEAA and therefore, we voluntarily informed the HKEAA and this incident was settled in May 2013 by our payment of a fee of HK\$108,100 to the HKEAA.

RISK FACTORS

As such, our Group may be subject to claims and become liable for infringement of intellectual property rights or breach of terms of licences granted by other third party education institutions or organisations, content providers or publishers, competitors or others. Any claims against our Group or our tutors, with or without merit, could cause unfavourable publicity, require substantial time and cost to defend and divert the time and attention of our Group's management. If our Group is found liable for any infringement, we may be required to pay substantial damages and/or enter into royalty or licence agreements that may not be based upon commercially reasonable terms, or our Group may be unable to enter into such agreements at all. In case we cannot obtain the rights over such works, the scope of our course materials could be reduced, which could materially and adversely affect the effectiveness of our teaching, limit our ability to attract new students, harm our reputation and have a material adverse effect on our results of operations and financial position.

Any event that negatively affects our trademarked brand 'Logic Tutorial Centre' or other intellectual property rights including litigation claims or negative publicity may harm our business, reputation, financial condition and results of operations

We have operated under our brand 'Logic Tutorial Centre' since the establishment of our first Logic Tutorial Centre in March 1999 and we consider our strong brand name as one of the reasons of our success and will continue to be important to our growth. As at the Latest Practicable Date, we had registered one trademark “” in Hong Kong (for details of please refer to the section headed “B. Further information about the business of our Group — 2. Intellectual property rights” in Appendix IV to this prospectus). We believe that our brand is critical in maintaining our competitive advantage. During the Track Record Period, we have promoted our brand through banners and light boxes primarily in the proximity of our tutorial centres. Our marketing expenses were approximately HK\$0.13 million, HK\$0.07 million, HK\$0.13 million and HK\$34,000 for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, respectively. There is no assurance that such marketing efforts will be successful in promoting our brand. If the value of our brand or image is diminished or impaired such as by litigation claims or negative publicity or if our brand does not continue to attract students, our business, financial performance and results of operations could be materially and adversely affected.

There is also no assurance that we can prevent or deter others from infringing or misappropriating the copyright of our course materials and other intellectual property rights that distinguish our Group's programmes from those of our competitors. Our Group and our tutors rely, and plan to continue to rely, on a combination of trademark, copyright and other intellectual property laws as well as confidentiality agreements to establish and protect our proprietary rights. However, if the aforesaid infringement or misappropriation occurs and litigation claims results, our business, reputation, financial condition and/or results of operations may be materially and adversely affected.

RISK FACTORS

Disruptions or unauthorised access to our computer systems may affect our operations and reputation

The performance and reliability of our Group's computer system is important to our business operation, in particular, registration of students' profiles, course enrolment and attendance records. However, our Group's computer systems and operations could be vulnerable to interruption or malfunction due to events beyond our Group's control and there is no assurance that we will not incur any damage or interruption caused by power outages, computer viruses, hardware and software failures, telecommunications failures, fires and other similar events in the future. Any interruption to any of our computer system or operations could have an adverse effect on our business operations.

In addition, our Group's computer systems may also be vulnerable to unauthorised access, computer hackers, computer viruses and other security problems. A user who circumvents security measures could misappropriate proprietary information or personal data from our students, including but not limited to, names, addresses, telephone numbers and identity card numbers. Any leakage or misappropriation of information from our Group's system could have a material and adverse effect on our reputation and business operations. As a result, our Group may be required to expend significant resources to guard against the threat of these security breaches or to alleviate problems caused by these breaches.

Changes in the social and economic landscape of Hong Kong may materially affect our business

All of our operations are based in and revenue is derived from Hong Kong. Currently we have no plans to expand into foreign markets. Any major changes to Hong Kong's social and economic landscape will have a huge impact on our business.

If there are any material adverse changes in the social and economic conditions in the area including:

- natural disasters, epidemics, other acts of god or breakdown in the transportation system which may disrupt our daily business;
- change in local government policies, rules or regulations, which may lead to an increase in our operating costs; or
- a sudden downturn in the economy or consumer demands which may lead to a decrease in our profits and materially affect our business and expansion strategy,

our operations, financial results and profitability may be adversely affected.

RISK FACTORS

RISKS RELATING TO OUR INDUSTRY

Decrease in the number of students in Hong Kong may reduce the demand for our tutoring services in our industry

According to the Industry Report, the number of primary school students and secondary school students have shown a decreasing trend in the past five years. The number of primary school students in Hong Kong decreased from approximately 344,700 to 329,300 during the academic years 2009/10 and 2014/15, at a CAGR of approximately -0.9%. Furthermore, the number of secondary school students in Hong Kong decreased from approximately 469,500 to 373,100 during the academic years 2009/10 and 2014/15, representing a CAGR of approximately -4.5%. This trend is affected by, among other factors, the decrease in birth rate in Hong Kong due to pessimistic attitudes as a result of the financial crises and the effect of the high cost of raising a child in Hong Kong in discouraging families to give birth to more children. If this decreasing trend continues and is not offset by other factors such as immigration from the PRC, there may be a reduction of demand for tutoring services in our industry. This in turn may lead to a decrease in the number of our students and course enrolments which in turn may materially and adversely affect our operating results and financial performance.

If we fail to respond adequately and promptly to changes to Hong Kong's education system our ability to attract and retain students may be materially and adversely affected

The education system in Hong Kong has undergone significant structural changes in the past. For instance, prior to the Track Record Period the EDB implemented the 'New Academic Structure' in September 2009 under which the number of years of secondary education is reduced from seven to six and furthermore, a number of former public examinations were replaced by one public examination, namely HKDSEE. As result of such changes, we experienced a reduction in number of courses for students and course enrolments due to reduction in number of public examinations and years of secondary education and we were also forced to update our teaching materials and methods of our teachers to cater to the new HKDSEE curriculum. If we fail to respond adequately and promptly to changes to Hong Kong's education system, our ability to attract and retain students may be materially and adversely affected.

We operate in a highly competitive industry

The private tutoring services industry in Hong Kong is highly competitive, and our Directors expect that such competition is likely to intensify in the future given the promising market potential and relatively low entry barrier. Our competitors include both chained tutoring services providers which offer similar or more comprehensive programmes and services and many smaller sized tutorial centres in our Group's primary market in the New Territories West which offer competitive prices. According to the Industry Report, in the 2015/16 academic year, there were approximately 1,317 private tutoring companies and 2,051 private tutoring centres offering primary tutoring services in Hong Kong and 1,110 private tutoring companies and 1,775 private tutoring centres offering secondary tutoring services.

RISK FACTORS

There is no guarantee that our customers will continue to seek our services if our existing or future competitors have a better reputation and/or offer more comprehensive, better quality and/or better priced tutoring services. In order to remain competitive, we may be forced to increase our geographic coverage, the coverage of our teaching materials and/or undergo price reductions or we may suffer a loss of market share, either of which could materially and adversely affect our business, financial condition and results of operations.

RISKS RELATING TO SHARE OFFER AND OUR SHARES

Termination of the Public Offer Underwriting Agreement

Prospective investors should note that the Joint Lead Managers (for themselves and on behalf of the other Public Offer Underwriters) are entitled to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement by giving notice in writing to us upon the occurrence of any of the events set out in the section headed “Underwriting — Underwriting arrangement and expenses — 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, without limitation, any acts of God, wars, riots, public disorder, civil commotion, economic sanction, epidemic, fire, flood, explosions, acts of terrorism, earthquakes, strikes or lock-outs.

We cannot guarantee as to the accuracy of facts and other statistics contained in this prospectus with respect to the economies and the industry in which we operate or forward-looking statements

Certain facts and other statistics in this prospectus are derived from various sources including the Industry Report and various government and official sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials.

We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Whilst our Directors have taken all reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the Sponsor, the Bookrunner, the Joint Lead Managers, the Underwriters or any of their respective directors, affiliates or advisers. Therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics referred to or contained in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics. Furthermore, you should not put undue reliance on any forward looking statements contained in this prospectus, which may not occur in the way we expect.

RISK FACTORS

Shareholders' interests in our Company may be diluted in the future

If we issue additional Shares in the future, our Shareholders may experience dilution in their ownership percentage. We may issue such shares in a number of circumstances including pursuant to issue of new Shares to finance acquisitions or issue of new Shares for purposes of obtaining equity funding. In addition, we may consider offering and issuing additional Shares in the future for expansion of our business which may result in the aforesaid dilution.

There has been no existing public market for our Shares and there may be a lack of liquidity and volatility in its price and trading volume

Prior to the Share Offer, there was no public market for, and no established price for, our Shares. There is no guarantee that there will be an active and liquid public trading market for our Shares or that such market will be sustainable.

Furthermore, we cannot assure you that there will not be any volatility in the price and trading volume of our Shares. In particular, the Offer Price was determined between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and the Offer Price may differ significantly from the market price of our Shares following the Share Offer. The Stock Exchange will be the only market on which our Shares are listed. We are not able to assure investors that an active public market will develop or be sustained after the Share Offer. There is also no assurance that the market price of our Shares will not decline below the Offer Price. If an active trading market for our Shares does not develop or is not sustained after the Share Offer, the market price and liquidity of our Shares may be materially and adversely affected. You should also note that our Shares may experience significant price and volume fluctuations due to matters unrelated to our operating performance and outside our Group's control such as general fluctuations in the securities market.

Prior dividends distributions are not an indication of our future dividend policy and we may not be able to pay any dividends on our Shares

During the Track Record Period, we declared dividends of approximately HK\$2.7 million, HK\$13.5 million, HK\$3 million and HK\$3.4 million for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, respectively. All the dividends declared during the Track Record Period had been fully settled as at the Latest Practicable Date. Our Directors may declare dividends after taking into account, among other things, our results of operations, financial condition and position, the amount of distributable profits, our Memorandum and Articles of Association, the Companies Law, applicable laws and regulations and other factors that our Directors deem relevant. For further details of our dividends during the Track Record Period, please see the section headed "Financial information — Dividends policy" of this prospectus. We cannot assure when or whether we will pay dividends in the future.

RISK FACTORS

You should read this prospectus carefully (including the risks disclosed) and we strongly caution you not to place any reliance on any information in press articles, other media and/or research analyst reports

You should read this prospectus carefully including the other risks factors set out in this section. After the publication of this prospectus, there may be press articles, other media and/or research analyst reports regarding us, our business, our industry and the Share Offer. Such sources may include certain operational information, financial information, financial projections, valuations and other information about us that are not contained in this prospectus. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information.

Furthermore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it, and accordingly you should not rely on any such information.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the CWUMPO, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information about our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE SHARE OFFER

This prospectus is published solely in connection with the Share Offer and the listing of the Shares on GEM, which is solely sponsored by the Sponsor and jointly managed by the Joint Lead Managers.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sponsor, the Bookrunner, Joint Lead Managers, the Underwriters, any of their respective directors, officers, agents, employees or any other persons or parties involved in the Share Offer.

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” of this prospectus, and the procedures for applying for the Public Offer Shares are set out in the section headed “How to apply for Public Offer Shares” of this prospectus and in the relevant Application Forms.

APPLICATION FOR LISTING OF OUR SHARES ON GEM

Our Company has applied to the Stock Exchange 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 and any Shares which may be 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 Shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is 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.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Under section 44B(1) of the CWUMPO, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on GEM is refused before 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 us by the Stock Exchange.

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). A total of 150,000,000 Offer Shares as well as the 16,450,000 Shares held by Wealth Secret representing approximately 30% and 3.29% respectively of the enlarged issued share capital of our Company will be in the hands of the public immediately following completion of the Share Offer and the Capitalisation Issue and upon Listing (without taking into account the Shares to be allotted and issued upon the exercise of the Offer Size Adjustment Option or options granted under the Share Option Scheme).

ABOUT THE SHARE OFFER

We have not authorised anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorised by us, the Sponsor, the Bookrunner, the Joint Lead Managers, the Underwriters or any of our or their respective directors, officers or representatives or any other persons involved in the Share Offer.

The delivery of this prospectus should not, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply the information contained in this prospectus is correct as at the date subsequent to the date of this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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” of this prospectus.

PROCEDURE FOR APPLICATION FOR PUBLIC OFFER SHARES

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

FULLY UNDERWRITTEN

This prospectus is published in connection with the Share Offer. The Listing is sponsored by the Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms and conditions of the Public Offer Underwriting Agreement. The Placing Underwriting Agreement relating to the Placing is expected to be entered on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

between the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company. The Share Offer is managed by the Joint Lead Managers. Further information relating to the Underwriters and the Share Offer and the underwriting arrangements is set out in the section headed “Underwriting” of this prospectus.

If, for any reason, the Offer Price is not agreed, the Share Offer will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangements, please refer to the section headed “Underwriting” of this prospectus.

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The Public Offer Shares are offered to the public for subscription solely on the basis of the information contained and the representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sponsor, the Bookrunner, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person involved in the Share Offer.

Each person acquiring the Offer Shares will be required, and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exception therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the United States.

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. Prospective investors for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

HONG KONG REGISTER AND STAMP DUTY

Our principal register of members will be maintained by the principal share registrar in the Cayman Islands. Dealings in the Shares on GEM will be registered on our Hong Kong branch register of members maintained in Hong Kong by Tricor Investor Services Limited.

Only Shares registered on our Hong Kong branch register of members maintained by the Hong Kong Branch Share Registrar in Hong Kong may be traded on GEM. Dealings in our Shares registered on our branch register of members in Hong Kong will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for or purchasing, holding or disposing of or dealings in our Shares, you should consult your professional advisers. None of our Company, the Sponsor, the Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors and any other person involved in the Share Offer accepts responsibility for any tax effects on, or liability of, any person or holders of Shares resulting from subscribing for, purchasing, holding or disposing of or dealings in our Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on GEM and our Company complies 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 date of commencement of dealings in our Shares on GEM or, under contingent situation, such other date HKSCC chooses. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights, interest and liabilities.

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 necessary arrangements have been made for our Shares to be admitted to CCASS.

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

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares on GEM are expected to commence at 9:00 a.m. on Friday, 2 December 2016.

Our Shares will be traded in board lots of 12,000 Shares each. The stock code for our Shares is 8160. We will not issue temporary documents of title.

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, amounts 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. Cheung Lick Keung (張力強)	House 9 Villa Pinada 88 Hong Po Road Tuen Mun Hong Kong	Chinese
Ms. Chan Hoi Ying Karina (陳凱盈)	House 9 Villa Pinada 88 Hong Po Road Tuen Mun Hong Kong	Chinese
<i>Non-executive Directors:</i>		
Mr. Tsang Hin Man Terence (曾憲文)	Flat B, 7/F Wisteria Mansion Taikoo Shing Hong Kong	British
Ms. Wong Yi Ling (黃綺玲)	Flat A, 2/F, Block 15 Provident Center North Point Hong Kong	Chinese
<i>Independent non-executive Directors:</i>		
Mr. Chan Hoi Keung Terence (陳海強)	Flat 23C, Block 10 Larvotto 8 Ap Lei Chau Praya Road Hong Kong	Chinese
Mr. Sek Ngo Chi (石傲枝)	Flat C, 36/F Jade Water 238 Aberdeen Main Road Hong Kong	Chinese
Mr. Ho Kin (何健)	Flat D, 28/F, Block 11 Tsuen King Garden Tsuen Wan New Territories Hong Kong	Chinese

For further information on the profile and background of our Directors, please refer to the section “Directors and senior management” of this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sponsor

Kingsway Capital Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO

7/F, Tower One, Lippo Centre
89 Queensway
Hong Kong

Bookrunner

CSL Securities Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) of the regulated activities under the SFO

Room 1406–12, 14/F, Nan Fung Tower
88 Connaught Road Central
Central
Hong Kong

**Joint Lead Managers and
Underwriters**

CSL Securities Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) of the regulated activities under the SFO

Room 1406–12, 14/F, Nan Fung Tower
88 Connaught Road Central
Central
Hong Kong

Kingsway Financial Services Group Limited

A licensed corporation under the SFO to engage in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) of the regulated activities under the SFO

7/F, Tower One, Lippo Centre
89 Queensway
Hong Kong

Legal advisers to our Company

As to Hong Kong law

Michael Li & Co.

Solicitors, Hong Kong
19/F, Prosperity Tower
39 Queen's Road Central
Central, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

As to Cayman Islands law

Conyers Dill & Pearman

Cayman Islands attorneys-at-law

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

**Legal advisers to the Sponsor and
the Underwriters**

As to Hong Kong law

Guantao & Chow

Solicitors & Notaries, Hong Kong

Suites 1604–06, 16/F

ICBC Tower, 3 Garden Road

Central, Hong Kong

Auditors and reporting accountants

Moore Stephens CPA Limited

Certified Public Accountants

905 Silvercord, Tower 2, 30 Canton Road

Tsimshatsui, Kowloon

Hong Kong

Internal control adviser

ZHONGHUI ANDA Risk Services Limited

Unit 701, 7/F, Citicorp Centre

18 Whitfield Road

Causeway Bay

Hong Kong

Property valuer

Everbright Surveyors Limited

Rooms 1002–1004, 10/F

Fourseas Building 208–212 Nathan Road

Kowloon

Hong Kong

Compliance adviser

Kingsway Capital Limited

*A licensed corporation under the SFO to engage in
type 1 (dealing in securities) and type 6 (advising on
corporate finance) of the regulated activities under the
SFO*

7/F, Tower One, Lippo Centre

89 Queensway

Hong Kong

Receiving banker

Bank of Communications Co., Ltd.

Hong Kong Branch

20 Pedder Street

Central

Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Headquarters and principal place of business in Hong Kong	Shop 203, Kin Sang Commercial Centre Kin Sang Estate Tuen Mun, New Territories Hong Kong
Company's website address	www.goldwayedugp.com <i>(information contained in this website does not form part of this prospectus)</i>
Company secretary	Tsang Hiu San (曾曉新) <i>(HKICPA)</i> Room 1506, Hing Lam House Kwong Lam Court Shatin New Territories Hong Kong
Authorised representatives	Cheung Lick Keung (張力強) House 9 Villa Pinada 88 Hong Po Road Tuen Mun Hong Kong Chan Hoi Ying Karina (陳凱盈) House 9 Villa Pinada 88 Hong Po Road Tuen Mun Hong Kong

CORPORATE INFORMATION

Compliance officer	Chan Hoi Ying Karina (陳凱盈)
Audit committee	Mr. Chan Hoi Keung Terence (陳海強) (<i>Chairman</i>) Mr. Sek Ngo Chi (石傲枝) Mr. Ho Kin (何健)
Remuneration committee	Mr. Sek Ngo Chi (石傲枝) (<i>Chairman</i>) Mr. Chan Hoi Keung Terence (陳海強) Mr. Ho Kin (何健)
Nomination and corporate governance committee	Mr. Chan Hoi Keung Terence (陳海強) (<i>Chairman</i>) Mr. Sek Ngo Chi (石傲枝) Mr. Ho Kin (何健)
Principal share registrar and transfer office	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	Nanyang Commercial Bank, Limited 151 Des Voeux Road Central Hong Kong

INDUSTRY OVERVIEW

Certain facts, statistics and data presented in this section and elsewhere in this prospectus have been derived, in part, from various government official publications as well as the commissioned report from Ipsos, an Independent Third Party. Whilst our Directors have taken all reasonable care to ensure that the relevant facts and statistics are accurately reproduced from these official government sources, such facts and statistics have not been independently verified by our Group or any of its respective affiliates or advisers, nor by the Sponsor, the Bookrunner, the Joint Lead Managers, the Underwriters or any of its affiliates or advisers or any other party involved in the Share Offer. Our Directors have no reason to believe that such facts, statistics and data presented in this section is false or misleading or that any fact has been omitted that would render such facts, statistics and data false or misleading. In this section, other than the Industry Report, information regarding the relevant industries has been recited or extracted from certain articles, reports or publications, and their preparations were not commissioned or funded by our Group. Our Directors confirmed that after taking reasonable care, there is no adverse change in the market information since the date of the Industry Report which may qualify, contradict or have an impact on the information in this section.

REPORT CONDUCTED BY IPSOS

In connection with the Share Offer, we commissioned an independent professional market research company, Ipsos, to assess the industry development trends, market demand and competitive landscape of the private tutoring services industry in Hong Kong for the period from 2009 to 2019. We have incurred total fee and expenses of approximately HK\$438,000 for the preparation of the Industry Report. Ipsos conducts research on market profiles, market sizes and market share and performs segmentation analysis, distribution and value analysis, competitor tracking and corporate intelligence. The information and statistics set forth in this section have been extracted from the Industry Report. The payment of such amount was not conditional on our Group's successful listing or on the results of the Industry Report.

The following assumptions were made in the analysis in the Industry Report: (i) the supply and demand of products and services in the private tutoring services industry in the global market are assumed to be stable and without hold-up over the forecast period; and (ii) there is no external shock such as financial crisis or natural disasters in the global market to affect the demand and supply for the products and service of the private tutoring services industry in Hong Kong over the forecast period.

Based on the review and analysis of the above basis and assumptions, nothing has come to the attention of our Directors and the Sponsor to indicate that such information is misleading. As at the Latest Practicable Date, our Directors confirm that to the best of their knowledge and information and taking reasonable care, there is no adverse change in the market information since the date of the Industry Report, which may qualify, contradict or have an impact on the information in this section.

OVERVIEW OF THE PRIVATE TUTORING SERVICES INDUSTRY IN HONG KONG

Private supplementary education for primary and secondary school students in Hong Kong

Private tuition companies refer to service providers that provide private tuition services to students, while private tuition centres refer to the branches owned by the private tuition companies and which serve as a venue for providing tutoring services. A private tuition company operates at least one private tuition centre for service provision. In addition, private tuition companies who operate two or more centres (branches) located in Hong Kong are defined as chained private tuition companies. The private tuition centres operated by the chained private tuition companies are defined as chained private tuition centres.

Normally, the key customer groups are primary students and secondary students. There is a wide variation of private tutoring services provided that cater to different types of customers with different budgets and expectations on the services received. In terms of class size, some private

INDUSTRY OVERVIEW

tutoring companies offer small-class teaching with less than 15 students per class, whereas others offer larger class teaching. In terms of delivery format, private tutoring companies either provide live classes with a tutor, or video classes with the presence of a teaching assistant.

The primary tutoring service market in Hong Kong is a highly competitive and fragmented

In 2015/16 academic year, there were approximately 1,317 private tutoring companies and 2,051 private tutoring centres offering primary tutoring services in Hong Kong. The primary tutoring services market is highly competitive. Price competition is moderate and companies generally compete on reputation and the quality of services offered. The primary tutoring services market is more fragmented than the secondary tutoring services market, with only 10.6% companies operated as chained business in the academic year 2015/16.

The industry revenue grew at a CAGR of approximately 3.7% during the academic years 2009/10 to 2014/15. It can be concluded that the primary tutoring services market is a growing market, where the estimated industry revenue will grow at a faster rate during the forecast period of academic years 2015/16 to 2018/19, at a CAGR of approximately 5.4%. With an expectation that the growth rate of the number of Chained Private Tutoring Centres is higher than the growth rate of the number of individual private tutoring centres, it can be concluded that the industry will become more consolidating in future. The chained companies will continue to expand and remain more competitive than the individual private tutoring companies that offer primary tutoring services.

The secondary tutoring services market is highly competitive, but less fragmented than the primary tutoring market

There were approximately 1,110 private tutoring companies and 1,775 private tutoring centres offering secondary tutoring services in the 2015/16 academic year. The secondary tutoring services market is highly competitive and companies are competing on reputation and the quality of services offered. For example, secondary school students in Hong Kong often enrol in courses taught by famous tutors who are well-known in helping students to achieve good academic results. However, such reputation may take different forms such as a well-known brand name under which the centre(s) operate(s) and star tutors are not strictly necessary for competing effectively in this industry. As a result, the secondary tutoring services market is less fragmented than the primary tutoring services market, with approximately 11.4% companies are operated as chained business in the academic year 2015/16.

The industry revenue experienced a high growth during the academic years 2009/10 to 2014/15, at a CAGR of approximately 7.3%. It can be concluded that the secondary tutoring services market is a mature market, where the estimated industry revenue is expected to increase at a smaller CAGR of approximately 2.7% over the next four academic years due to the continuous drop in the number of secondary school students. The industry is expected to become more consolidated in future, due to the estimated higher growth rate of Chained Private Tutoring Centres than individual private tutoring centres during the forecast period. The large Chained Private Tutoring Companies are expected to have a higher capability in both attracting new customers and retaining existing students.

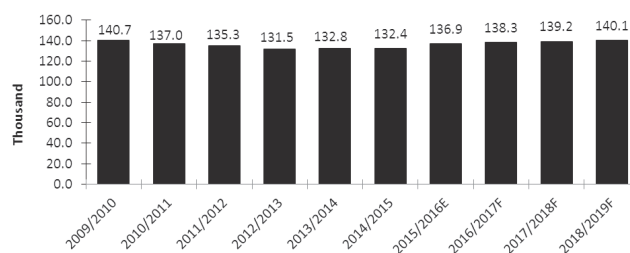
Majority of service providers provided both types of services

According to the Industry Report, in 2015, over 70% of tutoring service providers in Hong Kong provided both primary tutoring services and secondary tutoring services. There were also cases where tutoring service providers which initially focus on secondary tutoring services successfully diversified into primary tutoring services and vice versa. Ipsos concurs with our Directors' view that since our Group has been providing secondary tutoring services and primary tutoring services in the past, it would not be difficult for us to develop our primary tutoring services in the future.

INDUSTRY OVERVIEW

OVERVIEW OF THE PRIVATE TUTORING SERVICES INDUSTRY FOR PRIMARY SCHOOL STUDENTS IN HONG KONG

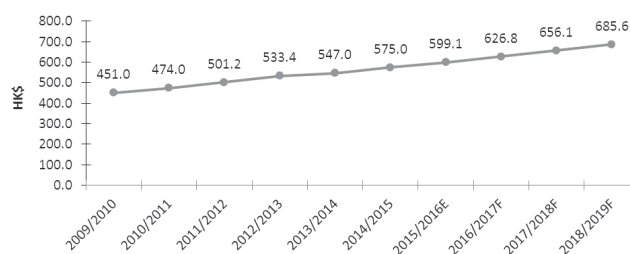
Number of primary tutoring students in Hong Kong from 2009/10 to 2018/19



Notes: The forecast is based on (i) the historical growth momentum of the primary tutoring students and the private consumption expenditure on educational services and (ii) the estimated number of primary school students in Hong Kong.

Source: Industry Report

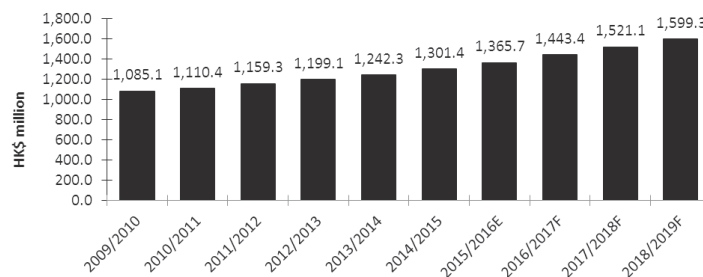
Average monthly tuition fee of primary school students in Hong Kong from 2009/10 to 2018/19



Notes:

1. The above tuition fee trend refers to the average monthly tuition fee per student. Calculation is based on the assumption that the courses provide 4 lessons per month with 1 to 1.5 hours per lesson.
2. The above forecast is based on (i) the historical growth momentum of the private tuition teacher's payroll and the private consumption expenditure on educational services and (ii) the estimated number of primary school students in Hong Kong.

Market sales value of primary tutoring services in Hong Kong from 2009/10 to 2018/19



Notes: The forecast is based on (i) the historical growth momentum of the market sales value, number of primary tutoring students and the private consumption expenditure on educational services and (ii) the estimated number of primary school students in Hong Kong.

Source: Industry Report

INDUSTRY OVERVIEW

During the academic years 2009/10 to 2014/15:

- The number of primary school students decreased from approximately 344,700 students to approximately 329,300 (or CAGR of approximately -0.9%);
- The number of primary tutoring students experienced a slight drop from approximately 140,700 to 132,400 (or CAGR of approximately -1.2%);
- The average monthly tuition fee of primary school students in Hong Kong experienced a continual growth from approximately HK\$451.0 to HK\$575.0 (or CAGR of approximately 5.0%); and
- Market sales value of primary tutoring services increased steadily from HK\$1,085.1 million to HK\$1,301.4 million (or CAGR of approximately 3.7%).

The longer working hours of parents in Hong Kong and the growth of cross-border students from mainland China have subsequently increased the demand for private tutoring services for primary school students. According to a survey conducted by The Hong Kong Federation of Youth Groups in 2012, approximately 22.1% of primary school students have enrolled in private tutoring courses when they are studying at primary level three or below. However, due to the decreased number of primary school students during the period, the number of primary tutoring students experienced a slight drop. Despite the drop in number of primary tutoring students, the market sales value of primary tutoring services actually increased, mainly contributed by a continual growth in average monthly tuition fee. A rise in the operation cost of private tutoring centres is the major reason for such growth. Other factors including new parenting practices which focus more on the academic performance and the on-going growth in cross-border students also drove the tuition fee upwards.

Going forward, it is expected that during the academic years 2015/2016 to 2018/2019F:

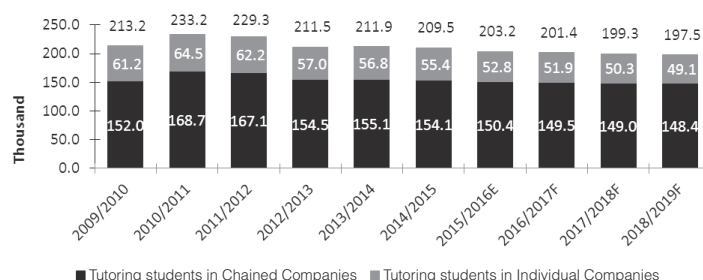
- The number of primary school students is expected to increase from approximately 337,600 students to approximately 378,700 (or CAGR of approximately 3.9%);
- The number of primary tutoring students is expected to increase from approximately 136,900 to 140,100 (or CAGR of approximately 0.8%);
- The average monthly tuition fee of primary school students in Hong Kong is expected to grow from approximately HK\$599.1 to HK\$685.6 (or CAGR of approximately 4.6%); and
- Market sales value of primary tutoring services is expected to increase from HK\$1,365.7 million to HK\$1,599.3 million (or CAGR of approximately 5.4%).

It is predicted that the growth of the number of private tuition centres is stronger than the growth of the number of private tuition companies. This could be explained by the rapid expansion of chained private tuition companies in the future. The forecasted number of primary school students is also expected to increase due to the stable and increasing birth rate in the early 2010's, when the economy in Hong Kong started to recover from the 1997 Asian financial crisis, together with the popularisation of the One-Way Permit ("OWP") Scheme, which allows Mainland spouse and accompanying children of a Hong Kong resident to settle in Hong Kong. The average monthly tuition fee is expected to grow at a fast rate as it is highly likely that the trend of sending children to private tutoring centres is expected to be sustained in the future. As a result, market sales value of primary tutoring services in Hong Kong is expected to increase at a faster pace during the forecast period.

INDUSTRY OVERVIEW

OVERVIEW OF PRIVATE TUTORING SERVICES INDUSTRY FOR SECONDARY SCHOOL STUDENTS IN HONG KONG

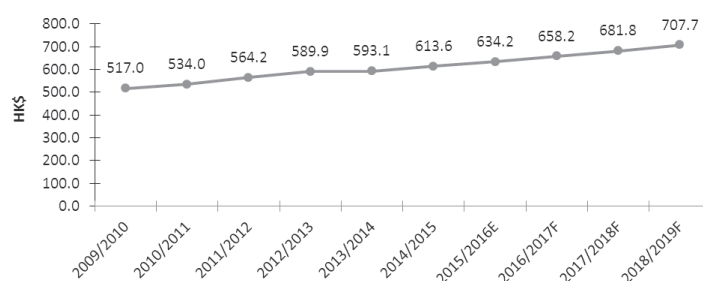
Number of secondary tutoring students in Hong Kong from 2009/10 to 2018/19



Notes: The forecast is based on (i) the historical growth momentum of the secondary tutoring students and the private consumption expenditure on educational services and (ii) the estimated number of secondary school students in Hong Kong.

Source: Industry Report

Average monthly tuition fee of secondary school students in Hong Kong from 2009/10 to 2018/19

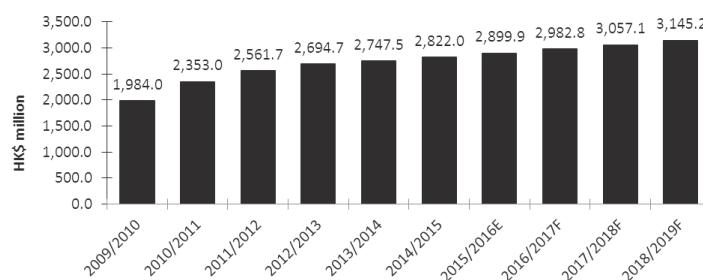


Notes:

1. The above tuition fee trend refers to the average monthly tuition fee per student. Calculation is based on the assumption that the courses provide 4 lessons per month with 1 to 1.5 hours per lesson.
2. The above forecast is based on (i) the historical growth momentum of the private tuition teachers' payroll and the private consumption expenditure on educational services and (ii) the estimated number of secondary school students in Hong Kong.

Sources: Industry Report

Market sales value of secondary tutoring services in Hong Kong from 2009/10 to 2018/19



Notes: The forecast is based on (i) the historical growth momentum of the market sales value, number of secondary tutoring students and the private consumption expenditure on educational services and (ii) the estimated number of secondary school students in Hong Kong.

Source: Industry Report

INDUSTRY OVERVIEW

During the academic years 2009/10 to 2014/15:

- The number of secondary school students decreased from approximately 469,500 students to approximately 373,100 (or CAGR of approximately –4.5%);
- The number of secondary tutoring students enrolled in Chained Private Tutoring Companies increased from approximately 152,000 to 154,100 (or CAGR of approximately 0.3%), while the number of secondary tutoring students enrolled in individual private tutoring companies decreased from approximately 61,200 to 55,400 (or CAGR of approximately –2.0%);
- The average monthly tuition fee of secondary school students in Hong Kong experienced a continual growth from approximately HK\$517.0 to HK\$613.6 (or CAGR of approximately 3.5%); and
- Market sales value of secondary tutoring services increased steadily from HK\$1,984.0 million to HK\$2,822.0 million (or CAGR of approximately 7.3%).

According to a survey conducted by The Hong Kong Federation of Youth Groups in 2012, over 50.0% of secondary school students have enrolled in private tutoring courses. However, the number of secondary school students in Hong Kong has gradually decreased, likely due to the fall in birth rate in the late 1990's, when the general public had reservations towards the handover of the sovereignty of Hong Kong to Mainland China. The 1997 Asian financial crisis also created a pessimistic attitude which therefore possibly led to a drop in the birth rate during that period. Despite the drop in number of secondary tutoring students, the market sales value of secondary tutoring services actually increased, mainly contributed by a continual growth in average monthly tuition fee. Similar to the private tutoring centres that offer services to primary school students, the rise in the operation cost of private tutoring centres is the major reason for such growth. Other factors including new parenting practices which focus more on the academic performance and the on-going growth in cross-border students also drove the tuition fee upwards.

Going forward, it is expected that during the academic years 2015/2016 to 2018/2019F:

- The number of secondary school students is expected to decrease from approximately 352,600 students to approximately 306,200 (or CAGR of approximately –4.6%);
- The number of secondary tutoring students enrolled in Chained Private Tutoring Companies is expected to decrease from approximately 150,400 to 148,400 (or CAGR of approximately –0.4%), while the number of secondary tutoring students enrolled in individual private tutoring companies is expected to decrease from approximately 52,800 to 49,100 (or CAGR of approximately –2.4%);
- The average monthly tuition fee of secondary school students in Hong Kong is expected to grow from approximately HK\$634.2 to HK\$707.7 (or CAGR of approximately 3.7%); and
- Market sales value of secondary tutoring services is expected to increase from HK\$2,899.9 million to HK\$3,145.2 million (or CAGR of approximately 2.7%).

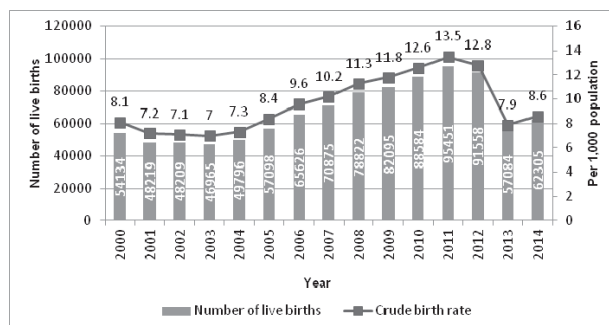
The total number of secondary tutoring students is expected to further decrease from the academic years 2015/2016 to 2018/2019, in particular, the number of tutoring students enroll in individual companies is expected to decrease at a greater magnitude as secondary school students in Hong Kong tends to enroll in private tutoring courses offered by chained companies. Attending tutorial classes in order to achieve better public exam results is increasingly popular and becoming a social norm. This acts as a demand-driven factor explaining the rise of the average monthly tuition fee for secondary school students in Hong Kong. The increasing market sales value is expected to

INDUSTRY OVERVIEW

further increase but at a slower pace than the historical period. Although there is a forecast decrease in the number of secondary tutoring students in Hong Kong, there is expected to be a continuous rise in tuition fees, which counteracts the effect of the decreasing number of students.

Despite the expected number of secondary school students is expected to decrease within the academic years 2015/16 to 2018/19, such decrease merely reflects the low birth rate in the early 2000s. Going forward, the number of secondary school students in Hong Kong is expected to start increasing again from 2019 or 2020.

The number of live births and crude birth rate in Hong Kong from 2000 to 2014

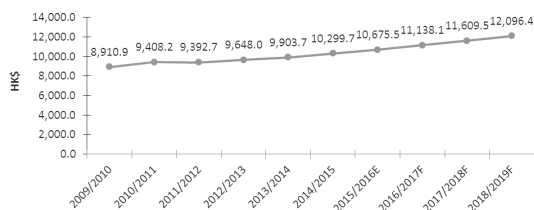


Sources: Census and Statistics Department, HKSAR; Industry Report

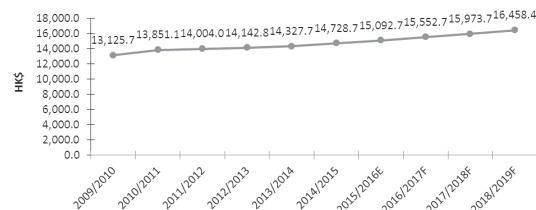
In addition, this reversal of downward trend for secondary school students can be further supported by the upward trend for primary school students within the academic years 2015/16 to 2018/19. As the primary school students enter secondary school, the reversal of the downward trend for secondary school students will occur after 2018/19 and possibly around 2019/20.

TEACHERS' WAGE

Average monthly wage of teachers providing Primary Tutoring Services in Hong Kong from 2009/10 to 2018/19



Average monthly wage of teachers providing Secondary Tutoring Services in Hong Kong from 2009/10 to 2018/19



Notes:

1. To avoid statistical discrepancy, the above wage trend is calculated with reference to fixed monthly wage rates received (i.e. excluding any incentives and commissions).
2. The above forecast is based on (i) the historical growth momentum of the private tuition teachers' payroll and the private consumption expenditure on educational services and (ii) the estimated number of school students in Hong Kong.

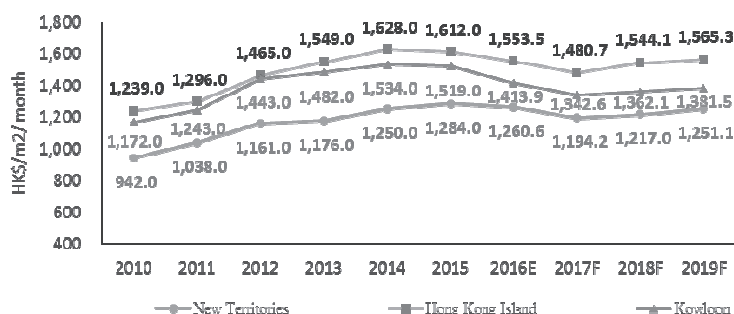
Sources: Industry Report

INDUSTRY OVERVIEW

Inflation is one of the major reasons in explaining the rise in the average monthly wage of the teachers. According to the Census and Statistics Department, the composite CPI (Oct. 2009 – Sep. 2010 = 100) in Hong Kong increased from approximately 100.7 in 2010 to 123.8 in 2015. Expansion of the private tutoring services industry is another reason that increased the average monthly wage of teachers.

RENT

Average monthly rent in Hong Kong from 2010 to 2019



Notes:

1. Average monthly rent in Hong Kong refers to the monthly rent (private retail) in the New Territories, Hong Kong Island and Kowloon in Hong Kong.
2. The above forecast is based on the estimated growth rate of monthly rent in New Territories, Hong Kong Island and Kowloon from secondary sources.

Sources: Rating and Valuation Department, HKSAR; Industry Report

The average monthly rent for retail premises in Hong Kong experienced a robust growth from 2010 to 2015. Among the three regions in Hong Kong, the monthly rental price for retail premises in New Territories recorded the highest CAGR of approximately 6.4% during the period from 2010 to 2015. Meanwhile, the rent in Hong Kong Island increased at a CAGR of approximately 5.4% while the rent in Kowloon grew at a CAGR of approximately 5.5%. It is, however, estimated that the real estate market in Hong Kong will experience a downward adjustment during the forecast period.

The increase in the average monthly rent in the historical period can be explained by the prosperity of the retail market in Hong Kong, increasing the demand for retail space and therefore pushing up the rental price for private retail premises.

With the expectation of an economic slowdown and increase in the unemployment rate in the near future, it is estimated that the real estate market in Hong Kong will experience a downward adjustment. Combined with the slowdown of retail sector, the rental price in 2015 has started decreasing and it is anticipated that the average monthly rent in Hong Kong will experience a drop between 2016 and 2017. The real estate market is predicted to recover afterwards, with a gradual increase in the average monthly rent in Hong Kong forecast in 2018 and 2019.

COMPETITIVE ANALYSIS OF THE PRIVATE TUTORING SERVICES INDUSTRY IN HONG KONG

Key Factors of Competition

Quality of education and reputation

The essence of private tutoring services is in offering supplementary academic support to students, which will help them excel in their studies. Education quality of the private tutoring services is important, as parents expect to see improvements in their children's studies after

INDUSTRY OVERVIEW

enrolment in the tutoring centre. Good reputations are formed by offering satisfactory private tutoring services to students, and the private tutoring centres with better reputations would be seen as offering higher quality of education than their counterparts. Private tutoring services that are unable to deliver significant results would be rejected by consumers, gain a poor reputation, and therefore lose market share.

Course design and format of delivery

A variety of private tutoring courses, in terms of subjects, class size, duration, and format of delivery (live class or video-recorded lecture) are available in the industry. Course design and format of delivery are crucial in matching customers to services that suit their expectations. Courses that are appropriately designed to fit different consumer's preferences help private tutoring centres attract students, hence gaining popularity and competitiveness in the market.

Geographical coverage and accessibility

In order to cater to students who study and reside in different areas of Hong Kong, the geographical coverage of a private tutoring company and the accessibility of the centres are important for a company to maintain competitiveness in the market. An extensive geographical presence means that a company is able to provide private tutoring services in different places in Hong Kong. Easily accessible private tutoring centres are a more attractive option to students as less money and time are required on transportation. As a result, the private tutoring companies with extensive geographical coverage and high accessibility usually attract more students than their counterparts, making the companies become more competitive in the market.

Price of courses

As the purchase of private tutoring services is normally a mid to long term commitment, price is an important key factor of competition for customers. The private tutoring companies who offer up-to-standard private tutoring services with reasonable prices are in general more competitive.

Market analysis

The following summarises the market drivers, entry barriers, opportunities and threats of the private tutoring services industry:

Market Drivers

- Introduction of HKDSE
- Working parents sending children to private tutorial centres after school

Opportunities

- Increasing pressure from acute competition in admission of elite secondary schools and universities
- Increasing working hours for parents introducing new parenting practices
- Demand for private tutoring services from cross-border students

Entry barriers

- Reputation
- Recruitment of experienced and qualified teacher
- Obtaining licenses

Threats

- Difficulty in tutor recruitment and retention
- Underqualified private tutoring centres malpractices affecting industry image
- Increasing operating costs

INDUSTRY OVERVIEW

Ranking of secondary and primary tutoring service providers

Set out below are the top ten secondary and primary tutoring service providers in Hong Kong in 2015 in terms of revenue looking at Hong Kong:

Service provider <i>Note 1 & 2</i>	Number of tutorial centres	Background <i>Note 3</i>	Ranking	Revenue generated in Hong Kong in 2015 <i>HK\$ million</i>	Share of total industry revenue %
Operator A	16	(i)	1	286.5	6.9
Operator B	12	(i)	2	170.2	4.1
Operator C	12	(i)	3	153.9	3.7
Operator D	9	(i)	4	57.0	1.4
Operator E	6	(ii)	5	42.9	1.0
Operator F	5	(i)	6	37.6	0.9
Our Group	13	—	7	36.2	0.9
Operator G	5	(ii)	8	35.4	0.9
Operator H	2	(iii)	9	34.8	0.8
Operator I	6	(iv)	10	24.7	0.6
Others	—			3,244.1	78.7
Total				4,123.4	100.0

Notes:

(1) The above operators refer the companies and centres who offer primary and/or secondary tutoring services and are registered with the EDB. For those companies who operated their centres in the same address but registered with different school numbers, the centres are counted as one single identity; vice versa. In addition, Ipsos considers that franchise businesses have a different business model than their counterparts based on the following reasons:

- (1) operating model: franchisees face a lower level of uncertainty when entering the market since the franchiser would generally provide guidance on (i) license application, (ii) centre locations, (iii) leasing arrangements, and (iv) marketing and promotional strategies prior to the centres' opening. Franchisees operate within a different environment since the franchiser generally dictates (i) the operational guidelines, (ii) recruitment and training of the tutors, and (iii) direction of marketing and promotion.
- (2) education method: franchisees face lower level of flexibility in designing and using different teaching methods and materials. Teaching methods and materials used in franchised private tutoring centres are generally standardised by the franchiser. With reference to the franchised businesses in the industry, it can be concluded that the franchisers are providing "turn-key" solutions to the franchisees, offering necessary support and restrictions to the franchisees.

As a result, the franchisees face different operational environment and different demand from customers. Therefore, the ranking table excludes all the service brands that are involved in franchise business.

- (2) All of such operators have their respective headquarters in Hong Kong.
- (3) The backgrounds of the different competitors may differ with some providing more diverse services while other more focused in certain subjects and some with centres in various locations in Hong Kong and others focused in certain parts of Hong Kong. According to the Industry Report, (i) these competitors offer tutorial classes in different subjects and their private tutoring centres are located in different parts of Hong Kong; (ii) these competitors offer tutorial classes mainly in language subjects and their private tutoring centres are located in different parts of Hong Kong; (iii) this competitor offers tutorial classes mainly in core subjects and its private tuition centres are located in Hong Kong Island and Kowloon; and (iv) this competitor offers tutorial classes in different subjects and its private tuition centres are located in Hong Kong Island and Kowloon.

Source: Industry Report

The names of the brand of our major competitors which compete with us are (in alphabetical order): ABC Pathways School, Beacon College, Calvin Sun Education Centre, Ever Learning Educational Centre, Eugenics Add Centre, KC Education Centre, King's Glory Educational Centre, Modern Education Centre, and Wise Children Education Centre. This list is non-exhaustive. Our Directors believe that we compete favourably with our competitors given our various competitive strengths as detailed in the section headed "Business — Competitive strengths" of this prospectus.

INDUSTRY OVERVIEW

Ranking of primary tutoring service providers

Service provider	Number of tutorial centres	Background	Ranking	Revenue generated in Hong Kong in 2015 <i>HK\$ million</i>	Share of industry revenue %
Operator J	1	(i)	1	10.6	0.8%
Operator K	1	(ii)	2	6.8	0.5%
Operator L	2	(ii)	3	5.1	0.4%
Operator M	2	(iii)	4	4.7	0.4%
Operator N	1	(iv)	5	4.7	0.4%
Others				1,269.5	97.5%
Total				1,301.4	100.0%

Notes:

- The above operators refer the companies and centres who offer primary tutoring services and are registered with the EDB, in which the ranking table excludes all the service brands that are offering secondary tutoring services. For those companies who operated their centres in the same address but registered with different school numbers, the centres are counted as one single identity; vice versa. In addition, Ipsos considers that franchise businesses have a different business model than their counterparts hence the ranking table excludes all the service brands that are involved in franchise business.
- The backgrounds of the different competitors may differ with some providing more diverse services while other more focused in certain subjects and some with centres in various locations in Hong Kong and others focused in certain parts of Hong Kong. According to the Industry Report, (i) the competitor offers tutorial classes and homework guidance services in different subjects and its private tuition centre is located in Kowloon; (ii) these competitors offer tutorial classes and homework guidance services in different subjects and their private tuition centre(s) is/are located in Hong Kong Island; (iii) this competitor offers tutorial classes mainly in language subjects and its private tuition centres are located in Hong Kong Island; and (iv) this competitor offers tutorial classes and homework guidance services in different subjects and its private tuition centre is located in New Territories.

Sources: Industry Report

Ranking of secondary tutoring service providers

Service provider	Number of tutorial centres	Background	Ranking	Revenue generated in Hong Kong in 2015 <i>HK\$ million</i>	Share of industry revenue %
Operator D	9	(i)	1	57.0	2.0%
Operator O	5	(ii)	2	17.7	0.6%
Operator P	2	(ii)	3	9.5	0.3%
Operator Q	1	(iii)	4	8.9	0.3%
Operator R	3	(iv)	5	8.3	0.3%
Others				2,720.6	96.4%
Total				2,822.0	100.0%

Notes:

- The above operators refer the companies and centres who offer secondary tutoring services and are registered with the EDB, in which the ranking table excludes all the service brands that are offering primary tutoring services. For those companies who operated their centres in the same address but registered with different school numbers, the centres are counted as one single identity; vice versa. In addition, Ipsos considers that franchise businesses have a different business model than their counterparts hence the ranking table excludes all the service brands that are involved in franchise business.
- The backgrounds of the different competitors may differ with some providing more diverse services while other more focused in certain subjects and some with centres in various locations in Hong Kong and others focused in certain parts of Hong Kong. According to the Industry Report, (i) the competitor offers tutorial classes in different subjects and its private tuition centres are located in different parts of Hong Kong; (ii) these competitors offer tutorial classes in different subjects and their private tuition centres are located in Hong Kong Island and Kowloon; (iii) this competitor

INDUSTRY OVERVIEW

offers tutorial classes mainly in core subjects and its private tuition centre is located in Hong Kong Island; and (iv) this competitor offers tutorial classes mainly in core subjects and its private tuition centres are located in Hong Kong Island and Kowloon.

Sources: Industry Report

The names of the major brand in offering primary tutoring services and secondary tutoring services are (in alphabetical order): Able Plus Education Centre, Bishop Lei Learning Centre, Calvin Sun Education Center, Come To Learn Education Center, Happy Kids Education Centre, Hoksi Education Centre, NTK Learning Center, Tadpoles Learning Centre, The Edge Learning Center and Tsang's Tuition School. This list is non-exhaustive.

EDUCATION ORDINANCE

According to the Education Ordinance, a “school” means an institution, organisation or establishment which provides for 20 or more persons during any one day or eight or more persons at any one time, any nursery, kindergarten, primary, secondary or post secondary education or any other educational course by any means, including correspondence delivered by hand or through the postal services.

The Education Ordinance provides that every school should be registered or provisionally registered and the application for registration of a school shall be made to the Permanent Secretary for Education (the “**Permanent Secretary**”) in the specified form and accompanied by the documents specified in such form. If the school is to be operated in or in any part of any premises which are not designed and constructed for the purposes of a school (the “**Non-Designed School**”), additional documents should be provided to obtain clearance from various government departments, including the Planning Department, the Lands Department, the Fire Services Department and the Buildings Department and the Housing Department.

Two-step registration of a school

A “Certificate of Provisional Registration of a School” will be issued to a school, for a period of not exceeding 12 months, before the application is determined, as the Permanent Secretary thinks fit. The Permanent Secretary may extend the period of provisional registration of a school for a further period not exceeding 12 months at a time as he thinks fit. A “Certificate of Registration of a School” will only be issued to a school which has met the requirements or recommendations issued by the EDB and other relevant government departments.

No school shall be operated and no teacher in any school shall teach in any premises other than the premises specified in the “Certificate of Provisional Registration of a School” or “Certificate of Registration of a School”. Any person who is an owner or a teacher in a school which is not registered or provisionally registered or any person who manages or takes part in the management of a school which is not registered or provisionally registered shall be guilty of an offence, and shall be liable on conviction to a fine of HK\$250,000 and to imprisonment for two years.

The Permanent Secretary and any inspector of schools may enter and inspect any premises which the Permanent Secretary has reason to suspect that the premises is being used for the purposes of a school which does not comply with the Education Ordinance, including but not limited to not being registered or provisionally registered. If it appears to the Permanent Secretary that premises using as a school has breached any provisions of the Education Ordinance, it may by order in writing close such premises.

Certificate from the Fire Services Department

The Fire Services Certificate (the “FSC”) issued by the Fire Services Department is one of the additional documents required for the registration of a Non-Designed School as a school under the Education Ordinance. The FSC is the proof of compliance with fire safety requirements, and such certificate is one of the pre-requisites for the registration of a Non-Designed School.

Application for a FSC for the purpose of registration of a Non-Designed School together with three sets of proposed layout plans are required to be submitted to the Fire Services Department or the EDB.

For the issue of a FSC, the applicant is required to obtain the following:

- (i) a Certificate of Compliance and/or a Certificate of Fire Service Installations and Equipment issued by a registered fire service installation contractor;
- (ii) if self-contained battery type emergency lighting unit is to be installed, a test report or catalogue of the emergency lighting unit with valid Certificate of Fire Service Installations and Equipment; and
- (iii) if polyurethane foam filled furniture is used, the invoice from the manufacturer/supplier indicating that the polyurethane foam filled furniture items meet the relevant flammability standards and a copy of the test certificate issued by a testing laboratory accredited to conduct tests according to specified standards.

If all the requirements have been complied with and the layout of the premises conform with the latest approved plan, the Fire Services Department will issue the FSC to the school applicant.

Management of a school

Any school which does not have an incorporated management committee shall be managed by a management committee comprising the school managers, who shall be registered with EDB. The management committee is responsible for ensuring that (i) the school is managed satisfactorily; (ii) the education of the students is promoted in a proper manner; and (iii) the Education Ordinance is complied with. The approved supervisor of a school, who is also one of the school managers, is responsible for communicating with the Permanent Secretary or any public officer concerning the management of the school, on behalf of the school.

Teachers and Principal

According to the Education Ordinance, no person shall teach in a school unless he is a registered teacher or a permitted teacher.

REGULATORY OVERVIEW

An application for registration as a teacher shall be made to the Permanent Secretary in the specified form and accompanied by the documents specified in such forms. Upon satisfaction of the requirement, the Permanent Secretary shall issue to the applicant a certificate of registration.

The management authority of a school may apply to the Permanent Secretary to employ a person as a permitted teacher if the management authority is of the opinion that no suitable registered teacher is available for employment as a teacher of a school. The qualifications requirement of a permitted teacher differs from that of a registered teacher, and varies with the type of educational courses.

Within one month after the certificate of registration or provisional registration of a school, the management committee shall recommend a teacher of the school to be the principal to the Permanent Secretary for approval. The principal of a school shall, subject to the directions of the management committee, be responsible for the teaching and discipline of the school and for such purposes shall have authority over the teachers and students of the school.

Qualifications requirements of a registered teacher

To qualify as a registered teacher, that person shall possess:

- (1) a degree approved by the Permanent Secretary of a specified institution together with a teacher's diploma, certificate, or like qualification to teach approved by the Permanent Secretary;
- (2) a degree in education of a specified institution;
- (3) a teacher's certificate issued by the Hong Kong Government;
- (4) a Hong Kong Government Normal School certificate and five years' teaching experience approved by the Permanent Secretary;
- (5) a Hong Kong Government Evening Institute teacher's certificate and five years' teaching experience approved by the Permanent Secretary;
- (6) a certificate of status as "Qualified Teacher" or "Qualified Kindergarten Teacher" issued by the Hong Kong Education Department to a teacher who has completed a course of training approved by the Permanent Secretary and passed a written and practical test, and teaching experience approved by the Permanent Secretary; or
- (7) any other educational training and experience which in the opinion of the Permanent Secretary is equivalent to the qualifications specified in paragraph (1), (2), (3), (4), (5) or (6).

Qualifications requirements of a permitted teacher

The qualifications requirements of a permitted teacher vary with the level of courses which such permitted teacher teaches.

To qualify as a permitted teacher, that person shall at least possess:

- (1) one or two certificates of the HKCEE with an aggregate of five separate subjects at Grade E or a higher grade, including:
 - (a) English Language (Syllabus B), or of a standard which in the opinion of the Permanent Secretary is equivalent to Grade E or a higher grade in that certificate; or
 - (b) Chinese Language;
- (2) one or two certificates of the HKDSEE with an aggregate of five separate subjects consisting of:
 - (a) English Language or Chinese Language at Level 2 or a higher level;
 - (b) two subjects each of which is:
 - (i) a subject from the New Senior Secondary subjects at Level 2 or a higher level;
 - (ii) a subject from the Applied Learning subjects with an “Attained” or “Attained with Distinction” result; or
 - (iii) a subject from the Other Language subjects at Grade E or a higher grade; and
 - (c) two subjects each of which is:
 - (i) a subject from the New Senior Secondary subjects at Level 2 or a higher level; or
 - (ii) a subject from the Other Language subjects at Grade E or a higher grade; or
- (3) any other educational training or practical experience which in the opinion of the Permanent Secretary is equivalent to the qualifications specified in paragraph (1) or (2).

Unlike a registered teacher, a permitted teacher is not required to possess academic qualification in education obtained from any of the specific institutions, namely: (i) the Lingnan University, (ii) The Hong Kong Institute of Education, (iii) The University of Hong Kong, (iv) The Hong Kong Polytechnic University, (v) The Chinese University of Hong Kong, (vi) the Hong Kong Baptist University, (vii) the City University of Hong Kong

REGULATORY OVERVIEW

Kong, (viii) The Hong Kong Academy for Performing Arts, (ix) The Hong Kong University of Science and Technology, (x) The Open University of Hong Kong and (xi) any post secondary college registered under the Post Secondary Colleges Ordinance (Chapter 320 of the Laws of Hong Kong).

Fees and collection

After registration of a school, the Permanent Secretary shall cause the name and address of the school, the name of the supervisor of the school and the particulars of the fees charged in respect of the education of a student in a school (the “**Inclusive Fees**”) to be printed on the fees certificate to the management authority. No management authority, manager or teacher shall charge or accept payment of any money or any fees other than the Inclusive Fees as printed on the fees certificate unless approval from the Permanent Secretary has been obtained. The fees certificate shall be kept conspicuously exhibited at a prominent position in the school. Any person who is guilty of an offence under these regulations shall be liable on conviction to a fine of HK\$50,000 and to imprisonment of one year.

The Inclusive Fees shall be calculated on an equal monthly basis and collected on or after the first school day of each month of the period during which the educational course is conducted. A management authority may require the first monthly installment payment to be paid not earlier than one month before the commencement of the educational course.

Certificate of Accommodation

Any school providing primary, secondary or post-secondary or any other educational course, shall only teach not more than 45 students at one time by one teacher in one room, except in special cases with permission from the Permanent Secretary. The Permanent Secretary may also specify the maximum number of students permitted in every classroom. A certificate of accommodation specifying the maximum number of students allowed in one room issued by the Permanent Secretary shall be prominently displayed in that particular room. The supervisor and principal of the school, who is guilty of the offence, shall be liable on conviction to a fine at HK\$50,000 and to imprisonment for one year.

EDUCATION (EXEMPTION) ORDER

The Education (Exemption) Order which came into operation on 1 July 2004, grants exemption from compliance of certain provisions of the Education Ordinance and the Education Regulations to schools which (i) provide educational courses other than nursery, kindergarten, primary, secondary or post-secondary education; and (ii) are not funded wholly or partly by any subsidy from the Hong Kong government. This kind of schools is called the exempted schools (the “**Exempted Schools**”).

Tutoring schools which offer educational course such as tutorial, commercial, language and computer courses are Exempted Schools. However, Exempted Schools are still required to be registered under the Education Ordinance.

REGULATORY OVERVIEW

Under the Education (Exemption) Order, an Exempted School is exempted from complying with the requirements specified in certain provisions of the Education Ordinance and the Education Regulations in relation to five categories, namely, fees, employment of teachers, qualifications of teachers, principal and school holidays.

If an Exempted School fails to comply with any conditions of a particular category specified in the Education (Exemption) Order, it will not be entitled to the exemption granted under the category concerned. The Exempted School will then be obliged to comply with those exempt provisions of that particular category, such as seeking approval from the Permanent Secretary to collect fees, to employ permitted teachers or to appoint a teacher as the principal. Appropriate action such as prosecution action, or cancellation of manager registration or school registration will be considered if the Exempted School breaches the exempt provisions.

Fees

An Exempted School and its owners, managers, supervisor, principal and teachers are exempted from complying with the requirements relating to, among other things, method of payment of Inclusive Fees, approval for change in Inclusive Fees, prohibition of acceptance of any fees other than Inclusive Fees and display of the fees certificate if the Exempted School satisfies the following conditions:

- (a) The Inclusive Fees for an educational course shall be calculated on an equal monthly basis. Other than the first installment, each installment of the Inclusive Fees shall be collected on or after the first school day of each month of the period during which the educational course is conducted.
- (b) The details of the Inclusive Fees for each of the courses offered, including the fees for each installment and number of installments, shall be displayed at a prominent place in the exempted school premises.
- (c) On payment of fees, students shall be given a formal receipt, stamped with the school chop, signed by the supervisor of the school and containing detailed information on:
 - (i) the school name as specified in the certificate of registration or provisional registration of the school;
 - (ii) the pupil's name;
 - (iii) the course name;
 - (iv) the course venue in the school premises as specified in the certificate of registration or provisional registration of the school;
 - (v) the date and amount of fees collected; and
 - (vi) the month covered by the fees paid.

REGULATORY OVERVIEW

- (d) Students shall be given leaflets containing the course particulars, fees, information on the principal and teachers of the exempted school, and refund policies and procedures before enrolling for any course.

Employment of teachers

An Exempted School and its managers, supervisor and principal are exempted from complying certain provisions in relation to, among other things, the employment of permitted or registered teachers and the application to the Permanent Secretary of employment of permitted teachers, subject to the compliance of the following conditions:

- (1) The teacher employed by the Exempted School who is not a permitted or registered teacher meets the minimum qualification requirement for a permitted teacher (as stated below).
- (2) The supervisor of the Exempted School, within one month after the relevant employment of a teacher, reports to the Permanent Secretary in writing the name, identity card number, qualifications and date of first appointment of the teacher.
- (3) The supervisor of the Exempted School should include in the report a statement in writing certifying that the information on the teacher is correct.
- (4) The supervisor of the Exempted School has taken reasonable steps to ensure that the qualifications the teacher claims to have obtained are genuine.

However, the above exemptions do not apply when a teacher of an Exempted School is required to:

- (i) in the course of teaching, carry out or supervise practical experiments or demonstrations in a science laboratory;
- (ii) in the course of teaching, carry out or supervise practical activities in a school workshop; or
- (iii) teach physical education.

The qualification requirements of a teacher to be employed by an Exempted School are as follows:

- (a) A teacher who teaches in an Exempted School needs to possess:
 - (i) one or two certificates of HKCEE with an aggregate of five separate subjects at Grade E or a higher grade, including:
 - (a) English Language (Syllabus B), or of a standard which in the opinion of the Permanent Secretary is equivalent to Grade E or a higher grade in that certificate; or
 - (b) Chinese Language; or

REGULATORY OVERVIEW

- (ii) one or two certificates of HKDSEE with an aggregate of five separate subjects consisting of:
 - (a) English Language or Chinese Language at Level 2 or a higher level;
 - (b) two subjects each of which is:
 - (i) a subject from the New Senior Secondary subjects at Level 2 or a higher level;
 - (ii) a subject from the Applied Learning subjects with an “Attained” or “Attained with Distinction” result; or
 - (iii) a subject from the Other Language subjects at Grade E or a higher grade; and
 - (c) two subjects each of which is:
 - (i) a subject from the New Senior Secondary subjects at Level 2 or a higher level; or
 - (ii) a subject from the Other Language subjects at Grade E or a higher grade.
- (b) A teacher who teaches Secondary 4 or 5 level in an Exempted School shall possess:
 - (i) a higher diploma issued by a specified institution or an associate degree of a specified institution; or
 - (ii) a qualification which in the opinion of the Permanent Secretary is equivalent to a higher diploma or an associate degree.
- (c) A teacher who teaches Secondary 6 or 7 level or post secondary courses in an exempted school shall possess:
 - (i) an approved degree of a specified institution; or
 - (ii) a qualification which in the opinion of the Permanent Secretary is equivalent to an approved degree.
- (d) A teacher shall only teach those subjects in which he or she has obtained qualifications or has passed the public examinations.
- (e) A person specified in paragraph (f) may not teach in an exempted school unless the person:
 - (i) is a registered teacher whose registration has not been cancelled under section 47 of the Education Ordinance; or

REGULATORY OVERVIEW

- (ii) has a permit to teach which has not been cancelled under section 52 of the Education Ordinance.
- (f) The person referred to in paragraph (e) is one who:
 - (i) has been convicted, whether in Hong Kong or elsewhere, of an offence against the persons or involving violence or maltreatment of children;
 - (ii) has been convicted of an offence under Part XII of the Crimes Ordinance (Chapter 200 of the Laws of Hong Kong) (which deals with sexual offences); or
 - (iii) without prejudice to paragraphs (i) and (ii), has been convicted, whether in Hong Kong or elsewhere, of any offence and received a custodial sentence, a probation order, a community service order or a fine exceeding \$10,000.

Qualifications of teacher

If the teacher employed or to be employed to teach in an Exempted School satisfies the above qualifications requirement, the Exempted School is then exempted from being interviewed by the Permanent Secretary and hiring a registered teacher or a permitted teacher to teach.

Appointment of principal

The managers, supervisor, principal and teachers of an Exempted School are exempted from the requirements relating to, among other things, grounds for refusal to approve principals and tenure of office of principals, subject to the compliance of the following conditions:

The supervisor of an exempted school shall:

- (a) appoint a teacher to be the principal of the school;
- (b) within one month after the appointment of the principal, inform the Permanent Secretary in writing of the following particulars concerning the principal:
 - (i) name;
 - (ii) identity card number;
 - (iii) qualifications;
 - (iv) date of birth;
 - (v) effective date of appointment to be a principal; and
 - (vi) any other information required by the Permanent Secretary under regulation 94 of the Education Regulations;

REGULATORY OVERVIEW

- (c) if there is any change to the particulars under paragraph (b), within one month of becoming aware of the change, inform the Permanent Secretary in writing of the change.

Holidays and hours of instruction

The Exempted School and its managers, supervisor and principal are exempted, among other things, from the requirements of the provisions relating to notice of school holidays, restriction on holidays, the power of the Permanent Secretary to forbid the granting of a holiday or to grant a holiday, list of holidays to be posted and hours of instruction. Exempted Schools under the Education (Exemption) Order are still required to comply with the provisions of the Education Ordinance and Education Regulations, other than those exempt provisions stipulated in the Education (Exemption) Order.

If an Exempted School fails to comply with any conditions of a particular category specified in the Education (Exemption) Order, it is not entitled to the exemption granted under the category concerned. The Exempted School is then obliged to comply with those exempt provisions of that particular category. If the Exempted School fails to comply with those provisions, appropriate action such as prosecution action, or cancellation of manager registration or school registration will be considered.

Syllabus

There are no laws or regulations governing details of each educational course offered by providers of tutoring services in Hong Kong. The Curriculum Development Council (the “CDC”) is an advisory body giving recommendations to the Hong Kong government on all matters relating to curriculum development for schools. The CDC has developed a series of curriculum guides for each of the key learning areas for students in Hong Kong. The curriculum guides aim to present curriculum frameworks which specify the curriculum aims, learning targets and objectives and provide suggestions regarding curriculum planning, learning and teaching strategies, assessment and resources. Schools are encouraged to adopt the recommendations in the curriculum guides and to achieve the learning goals of the school curriculum, taking into consideration their contexts, needs and strengths. The supervisor of every school shall submit to the Permanent Secretary the syllabus of instruction of each class when required and the Permanent Secretary may give directions in writing as to the instruction which shall be or shall not be included in any syllabus.

CONFIRMATION BY OUR DIRECTORS

Our Directors confirm that each of the schools operated by our Group has obtained all relevant certificates and approvals from the EDB, qualifies as an Exempted School and has satisfied all conditions as stipulated in all schedules of the Education (Exemption) Order and hence was exempted from hiring registered teachers or permitted teachers to teach during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that, in reliance on such exemption, the Qualified Tutors employed by our Group need not be permitted teachers or registered teachers, nevertheless, they possessed the qualifications as set out in the paragraph “Employment of teachers” above to teach in Exempted Schools, during the Track Record Period and up to the Latest Practicable Date.

REGULATORY OVERVIEW

Our Directors further confirm that our Group has complied with the laws and regulations governing all the schools operated by our Group overseen by the EDB, the Fire Services Departments and other relevant government departments in all material respects during the Track Record Period and up to the Latest Practicable Date.

Pursuant to section 2 of the Education (Exemption) Order, an exempted school is a school which (i) provides educational courses other than nursery, kindergarten, primary, secondary or post-secondary education; and (ii) is not funded wholly or partly by any subsidy from the Hong Kong government, and the schools operated by our Group are offering non-formal curriculum educational courses and solely funded by our Group. Hence, the schools operated by our Group fall under the aforementioned definition. Furthermore, each of the schools operated by our Group has obtained all relevant certificates and approvals from the EDB and has satisfied the conditions for exemption under the Education (Exemption) Order. Our legal advisers as to Hong Kong law are of the view that, each of the schools operated by our Group has met the relevant qualification requirement of an exempted school as at the Latest Practicable Date.

BUSINESS DEVELOPMENT

Introduction

Our Group's tutoring business has over 17 years of operating history in Hong Kong, under the brand 'Logic Tutorial Centre'. Ms. Cheng, our founder and the mother of Mr. Cheung and Mr. Cheung Luk Sun, was engaged in providing tutoring services herself since 1993. She established our business with her personal funds by establishing our first tutorial centre under this brand in March 1999 and later, operated this business through our predecessor company, Elegant Fame, upon its establishment in February 2003.

On 7 December 2007, Bright Union, our Group's principal operating subsidiary, was incorporated in Hong Kong with limited liability, and Mr. Cheung acquired the initial subscriber share at the consideration of HK\$1 on 14 January 2008. On the same day, Bright Union allotted and issued 9,999 shares in Bright Union, all credited as fully paid, to Pilot Way, a company under the common control of Mr. Cheung and Mr. Cheung Luk Sun. For further details relating to the history of Bright Union, please refer to the paragraph headed "Corporate history — Bright Union" in this section. Since the acquisition of Bright Union by Mr. Cheung and Pilot Way in January 2008 until March 2010, Bright Union did not carry on any business. In or about April 2010, Mr. Cheung and Mr. Cheung Luk Sun intended to run the tutoring services business together, and the corporate restructurings of Bright Union were conducted in preparation for the subsequent takeover of the business from Elegant Fame. Both Mr. Cheung and Mr. Cheung Luk Sun are experienced teachers in Hong Kong. Please refer to the section headed "Directors and senior management" of this prospectus for their qualifications and experience.

As confirmed by our Directors, as a matter of family arrangement and planning for retirement of Ms. Cheng, Bright Union entered into a deed dated 1 April 2010 with Elegant Fame to takeover the tutorial business carried on by Elegant Fame under the business name of 'Logic Tutorial Centre' including (i) the students as at 31 March 2010; (ii) the unexpired employment contracts of the employees; and (iii) the unexpired lease agreements of tutoring centres signed by Elegant Fame, at nil consideration since Elegant Fame and Bright Union were under the common control of Mr. Cheung and Mr. Cheung Luk Sun. No regulatory approvals were needed and obtained in respect of the takeover of the tutoring business of Elegant Fame by Bright Union. Bright Union entered into a sale and purchase agreement dated 1 April 2010 with Mr. Cheung to acquire the fixed assets of Elegant Fame including but not limited to leasehold improvements and equipment at their carrying value of even date, at the consideration of HK\$1,158,577. The consideration was calculated based on the net carrying value of the fixed assets at the material time. Since then our Group has continued marketing its tutoring services under the brand 'Logic Tutorial Centre'. Our Directors confirmed that Elegant Fame was dormant since 1 April 2010 and was duly dissolved on 25 May 2012 pursuant to section 291AA(9) of the Predecessor Companies Ordinance.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

We are a tutoring services provider operating in Hong Kong. Our tutoring services are principally offered to secondary school students and primary school students as a supplement to the student's formal school education. Since the establishment of our first Logic Tutorial Centre, we had gradually built up our market presence in the New Territories West. After Bright Union took over the business carried on by Elegant Fame in April 2010, our Group continues to target the New Territories West as its primary market. As at the Latest Practicable Date, our Group operates 13 tutorial centres (excluding our Tin Chak centre which is expected to commence operation in November 2016), with six, five, one and one tutorial centre(s) in Tuen Mun, Yuen Long, Tai Po and Kowloon City respectively.

Business milestones

The following table summarises various milestones of our Group's business development:

March 1999	Our first tutorial centre under the brand name 'Logic Tutorial Centre' was opened in Tuen Mun by our founder, Ms. Cheng.
February 2003	Elegant Fame, our Group's predecessor, was incorporated in Hong Kong to carry on the tutoring business under the business name of 'Logic Tutorial Centre'.
September 2005	Our tutorial centres were extended to Yuen Long in the New Territories West.
April 2010	Bright Union took over the tutoring business carried on by Elegant Fame.
February 2013	Our tutorial centres were further extended to Tai Po in the New Territories.
March 2015	Our first tutorial centre in Kowloon was opened in Kowloon City.

PREVIOUS LISTING APPLICATION

We submitted an application to the Stock Exchange on 14 May 2012 for the listing of the shares of the previous proposed holding company of our Group, Ying Lun Education Holdings Limited. Prior to the lapse of the listing application, the Stock Exchange received certain complaints regarding our Group, which required us to clarify disclosures:

(a) our course materials and the regulatory compliance/non-compliance of the Copyright Ordinance

We had used the question papers of HKCEE Physics and Principles of Accounts in excess of 25% of the total number of questions of the relevant subjects during the three academic years from 2009 to 2012, which constituted a non-compliance under the Copyright Ordinance. We had reported the incident to the HKEAA and paid a fine of HK\$108,100 in May 2013, which was confirmed by HKEAA as full and final settlement for the incident.

We have taken the following remedial actions including, (i) circulation of a guideline on the use of past papers to our tutors during the course of their employment and preparation of course materials; and (ii) setting up of the internal control team to review and approve the course materials prepared by our tutors to prevent the reoccurrence of the incident. For further details, please refer to the section headed “Business — Employees, management and tutors — Our tutors — Teaching method and course materials” of this prospectus.

(b) our marketing materials and the basis of the information contained therein

We had distributed marketing materials containing our tutors’ qualifications and experience and passing rates alleged to be made without sufficient basis in 2012, in particular (i) Mr. Cheung Luk Sun’s qualifications and experience, being “No. 1 academic qualifications among the English Tutors in Hong Kong” and is an “oral English examiner of HKEAA”; and (ii) the 100% passing rate of its students in English language, which were alleged to be false or misleading information.

As advised by our Legal Counsel, based on the fact that (i) Mr. Cheung, being the owner and manager of our Group’s tutorial centres, and Mr. Cheung Luk Sun did not participate in the preparation and production of the marketing materials, he had no knowledge about any alleged false or misleading information contained in marketing material; and (ii) there was no evidence to show that any student relied on the representations alleged in the marketing materials with respect to our tutor’s qualifications and experience and passing rates. Taking into account the number of students and enrolments for the two academic years from 2011 to 2013, which did not suggest that any students withdrew from, nor committed themselves to enrolling in, the courses taught by Mr. Cheung Luk Sun, on the basis that he possessed the qualification and experience in question, being “No. 1 academic qualifications among the English Tutors in Hong Kong” and is an “oral English examiner of HKEAA”. Further, by operation of the legal maxim of “*de minimus non curat lax*”, the difference between the advertised 100% passing rate of its students in English language

and the actual 99.1% was trivial and negligible. With respect to the above, our Legal Counsel concluded that the said marketing materials were not in breach of the Education Ordinance.

Upon realising that the marketing materials containing our tutors' qualifications and experience and passing rates may lead to ambiguity, our Company had removed the disputed contents from the marketing materials since then.

We have taken the following remedial actions including, (i) circulation of a marketing materials approval guideline to our marketing staff to avoid any misrepresentation in the marketing materials; and (ii) setting up of the internal control team to review and approve the marketing materials to prevent the reoccurrence of the incident. For further details, please refer to the section headed "Business — Marketing and student recruitment" of this prospectus.

(c) our business operations, including our internal policies and measures to ensure compliance with the relevant laws and regulations in Hong Kong by our Group

We were alleged to have conducted courses which were not taught by the tutors named in the course outline and were engaged in mis-selling practice. However, we were not provided with sufficient details to verify the incident and its relevancy to our Group. We were also alleged to have made calls requesting for outstanding tutoring fees for a terminated course in violation of the Education Ordinance. However, we were not provided with the name of the student concerned for us to investigate the incident, and we were unable to confirm the accuracy of the allegation of a possible breach of the Education Ordinance.

In addition to the remedial actions disclosed in paragraphs (a) and (b) above, we had also taken the following remedial actions including but not limited to, (1) assigning centre supervisors in each of our tutorial centres to supervise and monitor the operation; (2) having stringent hiring process in place in order to hire tutors with sufficient experience and qualifications; (3) circulating an employee manual setting out guidelines on proper conduct and behaviour and arranging regular trainings for our tutors; (4) establishing a system to record customer feedback and complaints and keeping a consolidated log of complaints and feedback which is gathered and managed by our centre supervisors; and (5) conducting appraisal on newly hired tutors to ensure the suitability of the tutors and evaluating the performance of our tutors regularly. For further details, please refer to the section headed "Business — Quality assurance" of this prospectus.

Our Group has to incur costs in terms of professional fees for continuing the previous listing exercise, but due to the uncertainties on the additional time and cost required to address the outstanding complaints mentioned above, the application was allowed to lapse by our Group in 2012. Our Group took around two years, which was longer than our expectation, to resolve the complaints mentioned above and to enhance our internal control policies to prevent the reoccurrence of the incidents mentioned above, prior to commencing

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

our second listing application in Hong Kong. Our Company spent additional time to address the complaints mentioned above that led to the delay in our Company's current listing application which was submitted in December 2015.

Our Directors are of the view that there was nothing in the complaints or in the course of our listing application that was material to the effect that our Group could not proceed with the previous listing application.

CORPORATE HISTORY

Our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 19 October 2015, with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares, of which the Incorporation Share, representing the then entire issued share capital, was allotted and issued to the initial subscriber, which was transferred to Digital Achiever on the same date. Prior to the Reorganisation, Digital Achiever had been our sole Shareholder. Our Company was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 17 November 2015.

On 25 August 2015, Simple Joyous was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US\$1 each, of which one Share, credited as fully paid, representing the entire issued share capital in Simple Joyous, was allotted and issued to our Company on 26 October 2015.

On 3 November 2016, Mr. Cheung, Mr. Cheung Luk Sun and Wealth Secret transferred 23,830 shares, 23,820 shares and 2,350 shares in Billion Bright, respectively, to Simple Joyous, in consideration of our Company allotting and issuing 2,382 new Shares, 2,382 new Shares and 235 new Shares, all credited as fully paid, to Digital Achiever at the direction of Mr. Cheung, to Golden Dust at the direction of Mr. Cheung Luk Sun and to Wealth Secret, respectively, and the share transfers were completed on 3 November 2016. Upon completion of the share transfers, Billion Bright became an indirect wholly-owned subsidiary of our Company. For further details, please refer to the paragraph headed "Reorganisation" in this section.

Pursuant to the written resolutions of our Shareholders dated 3 November 2016, the authorised share capital of our Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of additional 1,962,000,000 Shares.

Our Company and Simple Joyous are principally engaged in investment holding.

As at the Latest Practicable Date, our Group comprised four members, our Company, Simple Joyous, Billion Bright and Bright Union.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Bright Union

On 7 December 2007, Bright Union was incorporated in Hong Kong with limited liability, of which the incorporation share, credited as fully paid, representing the then entire issued share capital in Bright Union, was allotted and issued to a secretarial service company, which was an Independent Third Party, as the initial subscriber.

On 14 January 2008, Mr. Cheung acquired the initial subscriber share at the consideration of HK\$1, and the share transfer was completed on 14 January 2008. On the same day, Bright Union allotted and issued 9,999 new shares in Bright Union, all credited as fully paid, to Pilot Way. Upon completion of the share transfer and share allotment, Bright Union was owned as to 0.01% and as to 99.99% by Mr. Cheung and Pilot Way, respectively.

On 11 August 2009, given that Pilot Way and Billion Bright were under common control and in order to simplify the organisation structure, Pilot Way transferred the 9,999 shares in Bright Union, representing 99.99% of its issued share capital in Bright Union, to Billion Bright at a consideration of HK\$9,999, and the share transfer was completed on 11 August 2009. Upon completion of the share transfer, Bright Union was owned as to 0.01% and as to 99.99% by Mr. Cheung and Billion Bright, respectively.

On 1 September 2015, Mr. Cheung transferred one share in Bright Union to Billion Bright, in consideration of Billion Bright allotting and issuing 10 new shares in Billion Bright, all credited as fully paid, to Mr. Cheung, and the share transfer was completed on 1 September 2015. Upon completion of the share transfer, Bright Union became a direct wholly-owned subsidiary of Billion Bright. Bright Union is principally engaged in the provision of tutoring services in Hong Kong.

The abovementioned transfers of shares in Bright Union were properly and legally completed and settled.

Billion Bright

On 1 July 2009, Billion Bright was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares, of which one share and one share, all credited as fully paid, representing 50% and 50% of the then issued share capital in Billion Bright, were allotted and issued to Mr. Cheung and Mr. Cheung Luk Sun, respectively.

On 1 September 2015, Mr. Cheung transferred one share in Bright Union to Billion Bright, in consideration of Billion Bright allotting and issuing 10 new shares in Billion Bright, all credited as fully paid, to Mr. Cheung, and the share transfer was completed on 1 September 2015. On the same day, Mr. Cheung and Mr. Cheung Luk Sun subscribed for 23,819 new shares and 23,819 new shares in Billion Bright, respectively, all credited as fully paid. On 1 September 2015, Wealth Secret subscribed for 2,350 new shares in Billion Bright, at the consideration of HK\$3,000,000, and the transaction was completed on 1 September 2015.

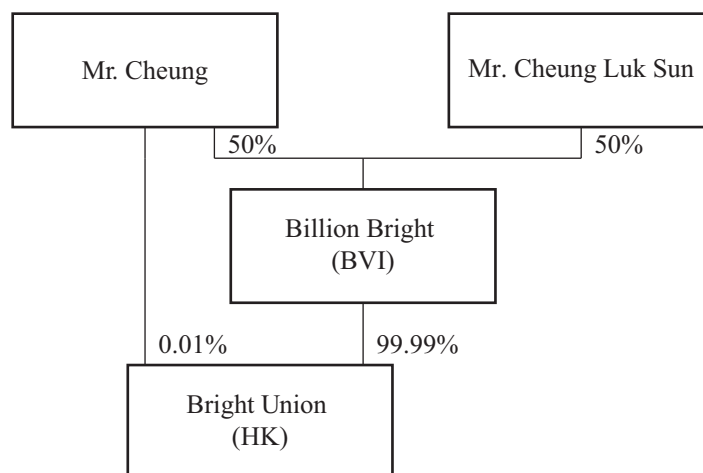
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The abovementioned transfers of shares in Billion Bright were properly and legally completed and settled.

On 3 November 2016, Mr. Cheung, Mr. Cheung Luk Sun and Wealth Secret transferred 23,830 shares, 23,820 shares and 2,350 shares in Billion Bright, respectively, to Simple Joyous, in consideration of our Company allotting and issuing 2,382 new Shares, 2,382 new Shares and 235 new Shares, all credited as fully paid, to Digital Achiever at the direction of Mr. Cheung, to Golden Dust at the direction of Mr. Cheung Luk Sun and to Wealth Secret, respectively, and the share transfers were completed on 3 November 2016. Upon completion of the share transfers, Billion Bright became an indirect wholly-owned subsidiary of our Company. Billion Bright is principally engaged in investment holding.

CORPORATE STRUCTURE PRIOR TO REORGANISATION

The following chart shows the shareholding and corporate structure of our Group immediately before the Reorganisation, the Share Offer and the Capitalisation Issue.



REORGANISATION

The companies comprising our Group underwent a reorganisation in preparation for the Listing, pursuant to which our Company became the holding company of our Group. The Reorganisation involved the following major steps:

Acquisition of Bright Union by Billion Bright and subscriptions of shares in Billion Bright

On 1 September 2015, Mr. Cheung transferred one share in Bright Union to Billion Bright, in consideration of Billion Bright allotting and issuing 10 new shares in Billion Bright, all credited as fully paid, to Mr. Cheung, and the share transfer was completed on 1 September 2015. Upon completion of the share transfer, Bright Union became a wholly-owned subsidiary of Billion Bright.

On 1 September 2015, Mr. Cheung and Mr. Cheung Luk Sun subscribed for 23,819 new shares and 23,819 new shares in Billion Bright, respectively, all credited as fully paid. Upon completion of the share subscriptions, Billion Bright was owned as to 50.01% by Mr. Cheung and as to 49.99% by Mr. Cheung Luk Sun.

Pre-IPO investment in Billion Bright

On 1 September 2015, Wealth Secret subscribed for 2,350 new shares in Billion Bright at the consideration of HK\$3,000,000, with reference to the price-to-earnings ratio of approximately 6.96 times based on the earnings per share of Billion Bright on the enlarged basis being the net profit after tax for the year ended 31 March 2015 of HK\$9,171,082, and the transaction was completed on 1 September 2015. The consideration was financed by the shareholder's loan advanced by Mr. Chan Ka Yeung, who is an Independent Third Party, using his own personal resources. Upon completion of the pre-IPO investment, Billion Bright was owned as to 47.66% by Mr. Cheung, as to 47.64% by Mr. Cheung Luk Sun and as to 4.70% by Wealth Secret.

Incorporation of our Company

On 19 October 2015, our Company was incorporated in the Cayman Islands with limited liability. At the time of its incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which the Incorporation Share was allotted and issued to the initial subscriber, which was transferred to Digital Achiever on the same date.

Incorporation of Simple Joyous

On 25 August 2015, Simple Joyous was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US\$1 each, of which one share, credited as fully paid, representing the entire issued share capital in Simple Joyous, was allotted and issued to our Company on 26 October 2015.

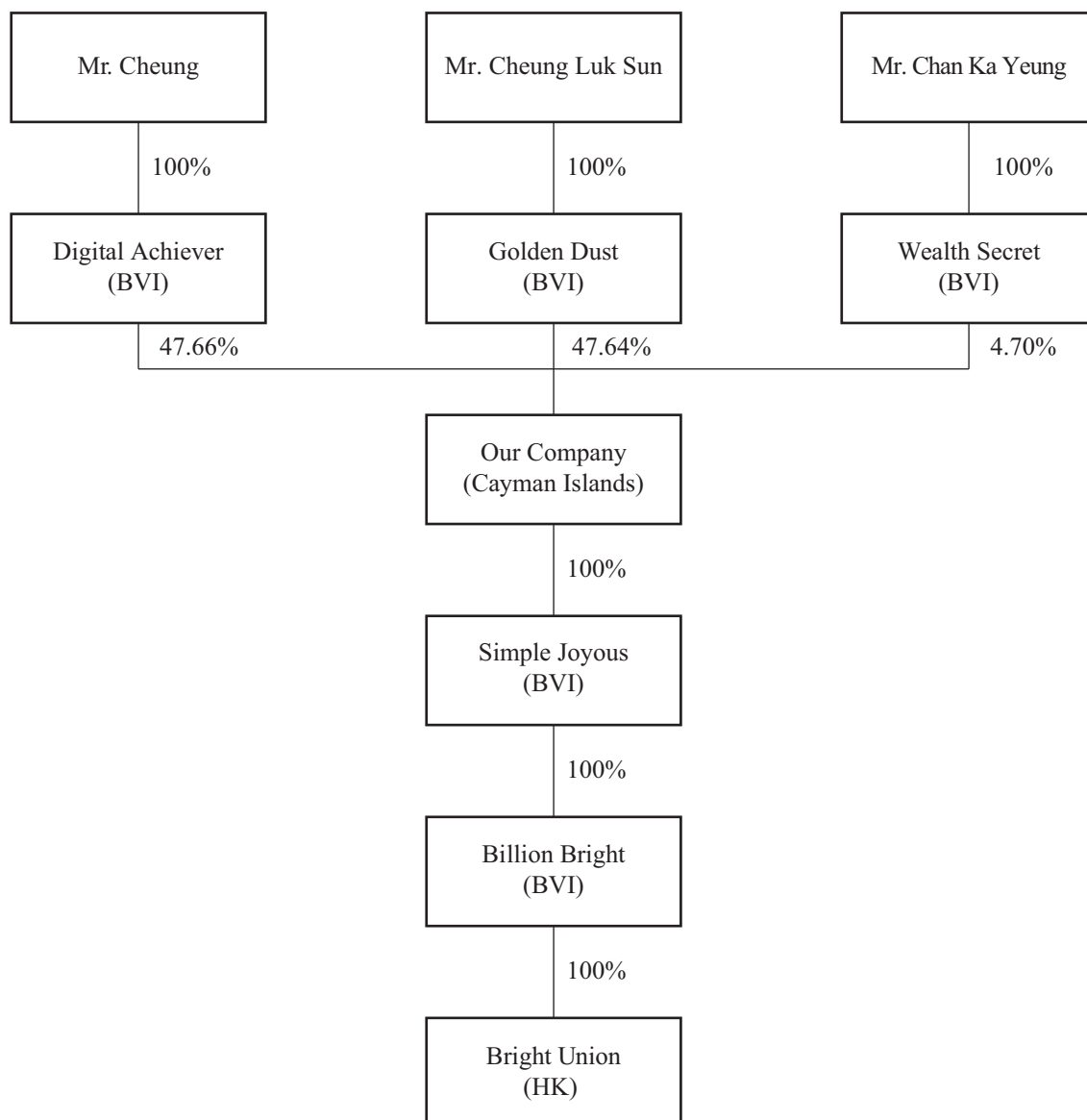
Acquisition of Billion Bright by Simple Joyous

On 3 November 2016, Mr. Cheung, Mr. Cheung Luk Sun and Wealth Secret transferred 23,830 shares, 23,820 shares and 2,350 shares in Billion Bright, respectively, to Simple Joyous, in consideration of our Company allotting and issuing (i) 2,382 new Shares to Digital Achiever at the direction of Mr. Cheung, (ii) 2,382 new Shares to Golden Dust at the direction of Mr. Cheung Luk Sun and (iii) 235 new Shares to Wealth Secret, respectively, all credited as fully paid, and the share transfers were completed on 3 November 2016. Upon completion of the share transfers, Billion Bright became an indirect wholly-owned subsidiary of our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION BUT BEFORE COMPLETION OF THE SHARE OFFER AND THE CAPITALISATION ISSUE

The following chart shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation but before completion of the Share Offer and the Capitalisation Issue:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

PRE-IPO INVESTMENT

On 1 September 2015, Wealth Secret subscribed for 2,350 new shares in Billion Bright. On 3 November 2016, Wealth Secret transferred 2,350 shares in Billion Bright to Simple Joyous, in consideration of our Company allotting and issuing 235 new Shares, all credited as fully paid, to Wealth Secret. The table below sets forth details of the pre-IPO investment:

	Wealth Secret
Date of investment	1 September 2015
Consideration paid (HK\$)	3,000,000
Basis of determining the consideration	The price-to-earnings ratio of approximately 6.96 times based on the earnings per share of Billion Bright on the enlarged basis being the net profit after tax for the year ended 31 March 2015 of HK\$9,171,082
Payment date of consideration	2 September 2015
Number of shares in Billion Bright	2,350
Number of Shares allotted and issued for share swap	235
Number of Shares held after the Capitalisation Issue	16,450,000
Approximate cost of Shares paid after Capitalisation Issue (HK\$ per Share) <i>(Note)</i>	0.18
Approximate discount to mid-point of the Offer Price range	18%
Approximate percentage of shareholding held in our Company upon completion of the Reorganisation but before completion of the Share Offer and the Capitalisation Issue	4.70%
Approximate percentage of shareholding held in our Company upon the Listing (assuming the Offer Size Adjustment Option and any options that may be granted upon the Share Option Scheme are not exercised)	3.29%
Use of proceeds	Working capital

Note: For illustration purposes only, on the basis of our enlarged issued share capital immediately upon completion of the Share Offer (without taking into account the Shares to be issued upon the exercise of the Offer Size Adjustment Option or options granted or to be granted under the Share Option Scheme).

Background of the pre-IPO investor

Based on the information provided by the pre-IPO investor, set out below is a brief description of the pre-IPO investor:

Wealth Secret is a company incorporated in the BVI with limited liability on 8 May 2015, which is directly wholly-owned by Mr. Chan Ka Yeung. Wealth Secret is an investment holding company. Mr. Chan Ka Yeung is currently engaged as an associate director of a Hong Kong company involved in the insurance brokerage business. Mr. Chan Ka Yeung confirms that he invested in our Company given his awareness of our positive reputation and our brand 'Logic Tutorial Centre' ('勵致研習中心') and his belief in the consistent demand for tutoring services in Hong Kong and positive outlook on the industry as a whole. The subscription agreement was entered into on normal commercial terms and the consideration was determined after arm's length negotiation. Shares subscribed by Wealth Secret would represent approximately 3.29% of the entire issued share capital of our Company upon the Listing (assuming the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme are not exercised) and be counted as part of the public float upon the Listing, given that Wealth Secret is not controlled by any connected person of our Company upon the Listing.

Our Directors believe that the introduction of Wealth Secret will strengthen our Shareholder base for the Listing. The investment cost per Share of the pre-IPO investor is approximately HK\$0.18 per share and represents a discount of approximately 18% to the Offer Price of HK\$0.22 being the mid-point of the Offer Price between HK\$0.20 and HK\$0.24 and assuming the Offer Size Adjustment Option is not exercised. Upon completion of the Reorganisation but before completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme), Wealth Secret would own approximately 4.70% of the entire issued share capital of our Group, and approximately 3.29% upon the Listing.

Completion of the pre-IPO investment took place on 1 September 2015, and the payment of the consideration of the pre-IPO investment was made on 2 September 2015. The consideration was used as working capital of our Group. No special right was granted to Wealth Secret pursuant to the terms of the subscription agreement. Other than the investment in our Group as disclosed in this prospectus, the pre-IPO investor and its ultimate beneficial owner are independent from our Group and the connected persons of our Company.

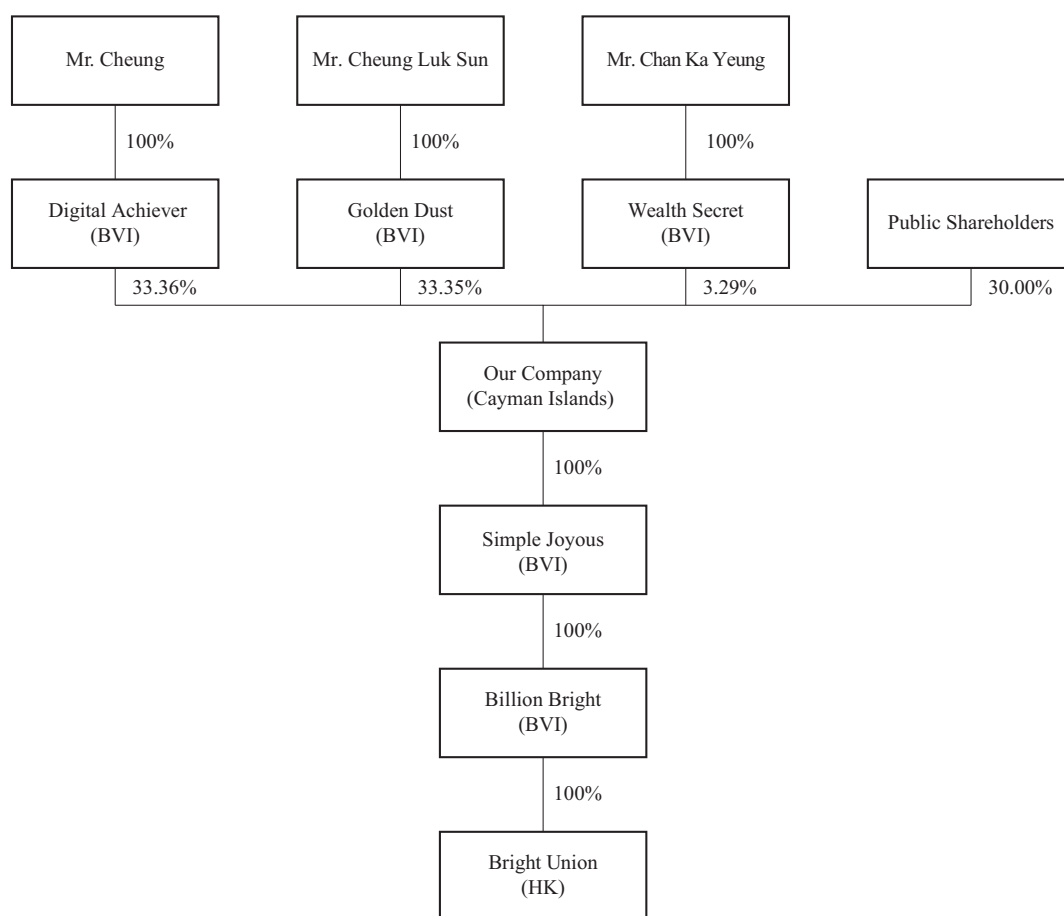
Pursuant to the subscription agreement, the Shares held by Wealth Secret are subject to a lock-up period of six months from the date of the Listing. The pre-IPO investor will be considered a public Shareholder as it holds less than 10% of the issued share capital in our Company upon completion of the Share Offer and the Capitalisation Issue, and the Shares held by the pre-IPO investor will form part of the public float for the purpose of Rule 11.23(7) of the GEM Listing Rules.

Confirmation from the Sponsor

On the above basis, the Sponsor has confirmed that the pre-IPO investment are in compliance with Guidance Letter HKEx-GL43-12 issued in October 2012 and updated in July 2013 and Guidance Letter HKEx-GL44-12 issued in October 2012 both by the Stock Exchange and it is of the view that the pre-IPO investment is in compliance with the “Interim Guidance on Pre-IPO Investments” issued on 13 October 2010 by the Listing Committee since the consideration under the pre-IPO investment was made on 2 September 2015, which was more than 28 clear days before the date of the first submission of the listing application form to the Stock Exchange in relation to the Listing.

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION, THE SHARE OFFER AND THE CAPITALISATION ISSUE

The following chart shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation, the Share Offer and the Capitalisation Issue, without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme, and any Shares which may be allotted and issued or bought back by our Company under the issue mandate and the Buy-Back Mandate as referred to in the section headed “Further Information about Our Group — Written resolutions of our Shareholders dated 3 November 2016” in Appendix IV to this prospectus.



OVERVIEW

We are a tutoring services provider operating in Hong Kong. Our tutoring services are principally offered to secondary school students and primary school students as a supplement to the student's formal school education. According to the Industry Report, amongst primary and secondary tutoring services providers registered with the EDB, we are the seventh largest in Hong Kong in terms of revenue. Our market share of the total revenue generated by private tutoring service industry in Hong Kong was approximately 0.9% for the year ended 2015 (for further details of our ranking, please refer to the section headed "Industry overview — Competitive analysis of the private tutoring services industry in Hong Kong" of this prospectus).

We have over 17 years of history based on the establishment of our first Logic Tutorial Centre in March 1999 by Ms. Cheng (for further details of our history, please refer to the section headed "History, Reorganisation and corporate structure" of this prospectus) and we have been operating our brand 'Logic Tutorial Centre' ('勵致研習中心') since then. As we are ranked third by the number of centres in October 2016 among primary and secondary tutoring service providers in New Territories West (and we are ranked thirteenth by number of centres among primary and secondary tutoring service providers in Hong Kong) according to the Industry Report, we have established brand awareness and gained recognition in New Territories West in Hong Kong given our extensive presence there.

For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 we had approximately 56,100, 57,300, 53,800, 18,400 and 19,000 course enrolments, respectively, in our courses and our total revenue for the corresponding periods amounted to approximately HK\$36.2 million, HK\$36.2 million, HK\$38.6 million, HK\$13.4 million and HK\$13.7 million respectively. Our net profits for the years ended 31 March 2014, 2015, 2016 and the five months ended 31 August 2015 and 2016 were approximately HK\$10.3 million, HK\$9.2 million, HK\$5.0 million, HK\$2.4 million and HK\$1.9 million respectively. The listing expenses incurred for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 were approximately nil, HK\$1.4 million, HK\$6.3 million, nil and HK\$0.6 million respectively.

In our Directors' experience, most of our students are gained from students' and parents' recommendation or word-of-mouth referrals during the Track Record Period. We have also adopted various marketing strategies to attract new and returning students and increase our brand awareness (for further details, please refer to the paragraph headed "Marketing and student recruitment" in this section). Unlike certain other competitors, we mainly relied on our referrals and our brand instead of star tutors to attract students during the Track Record Period and therefore we did not provide a defined performance-linked bonus to our staff but instead may offer a bonus at our discretion or adjust their remuneration upon renewal of their service contract.

Our tutoring services

Our tutoring services comprise of two main segments being secondary tutoring services and primary tutoring services. During the Track Record Period, we offered a wide range of courses on one or multiple subjects. The materials offered in our courses are generally

BUSINESS

designed by our tutors who are knowledgeable about the relevant subject matter and approved by the subject leader being the tutor currently responsible for overseeing a certain subject. Our tutors are responsible for keeping such materials up to date and they may refer to current teaching materials as detailed in the paragraph headed “Employees, management and tutors — Our tutors — Teaching method and course materials” in this section.

Set out below is a breakdown of our Group’s revenue by segment for each of the years ended 31 March 2014, 2015 and 2016 and for each of the five months ended 31 August 2015 and 2016:

	Years ended 31 March						Five months ended 31 August			
	2014		2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)									
Secondary tutoring services	29,799	82.2	29,550	81.5	30,868	80.0	10,553	78.9	10,649	78.0
Primary tutoring services	6,439	17.8	6,699	18.5	7,708	20.0	2,823	21.1	3,002	22.0
Total	<u>36,238</u>	<u>100.0</u>	<u>36,249</u>	<u>100.0</u>	<u>38,576</u>	<u>100.0</u>	<u>13,376</u>	<u>100.0</u>	<u>13,651</u>	<u>100.0</u>

The courses are principally taught by experienced Qualified Tutors. At the Latest Practicable Date, we had 40 tutors of which 19 tutors are assigned to providing our secondary tutoring services only, 9 tutors are assigned to providing our primary tutoring services only and 12 tutors provide both types of services. Furthermore, as at the Latest Practicable Date, all of our tutors were Qualified Tutors for purposes of the Education (Exemption) Order (for details of this qualification, please refer to the section headed “Regulatory overview — Education (Exemption) Order” in this prospectus).

We are attentive to the particular circumstances of our students and we seek to offer sufficient support necessary for them to succeed. Therefore, in addition to our core tutoring services, we offer complementary support services including organising ad hoc and supplementary after-class sessions by our tutors for students to raise additional questions, monitoring attendance record and performance of each student and contacting their parents regularly to ensure both the students and their parents are informed of their relevant progress. For further details of these complementary support services, please refer to the paragraph headed “Our business and operations — Our services — Complementary support services” in this section.

Our network

As at the Latest Practicable Date, we operated 13 tutorial centres (excluding our Tin Chak centre which is expected to commence operation in November 2016) all on leased properties in Hong Kong of which six were located in Tuen Mun, five were located in Yuen Long and one was located in Kowloon City and Tai Po each. During the Track Record Period and up to the Latest Practicable Date, we opened our Kowloon City centre in March 2015 and our Yuen Long centre in December 2015. We have obtained Certificates of Registration of a School from the EDB for all of our existing tutorial centres. We also had 32 registered classrooms and a maximum number of 645 pupils were permitted in our classrooms at the same time according to EDB as at the Latest Practicable Date. We expect

to open seven new tutorial centres in Hong Kong, which are expected to commence business by 31 March 2019 (for further details, please refer to the paragraph headed “Our business and operations — Our network” in this section).

Market outlook

According to the Industry Report, there are a number of major factors driving demand in the private tutoring service industry in Hong Kong including (i) increasing pressure from acute competition in admission of elite secondary schools and universities; (ii) increasing working hours for parents introducing new parenting practice; and (iii) demand for private tutoring services from cross-border students. To the best of the knowledge, information and belief of our Directors, our students were generally local students and not cross-border students and thus the cross-border trend did not materially impact our enrolment numbers. Other than the cross-border trend, our Directors believe that through our business strategies, we can take advantage of such other opportunities to achieve our business objective. For further details, please refer to the section headed “Industry overview” in this prospectus.

COMPETITIVE STRENGTHS

We believe a combination of the following competitive strengths contribute to our continued success and potential for growth:

Long history and experienced and hands on management team

We are a long established tutoring services provider with over 17 years of history based on the establishment of our first Logic Tutorial Centre in March 1999 and we have operated under our brand ‘Logic Tutorial Centre’ (‘勵致研習中心’) since then. As we are ranked the third by the number of centres in October 2016 among primary and secondary tutoring service providers in New Territories West (and we are ranked thirteenth by number of centres among primary and secondary tutoring service providers in Hong Kong) according to the Industry Report, we have established brand awareness and gained recognition in New Territories West in Hong Kong given our extensive presence there.

Our management team is led by Mr. Cheung, our executive Director, who has over 15 years of experience in the education industry or private tutoring services industry in Hong Kong and who continues to teach courses as a tutor in our tutorial centres up to the Latest Practicable Date (for further details of Mr. Cheung’s experience and qualifications, please refer to the section headed “Directors and senior management” in this prospectus). The direct supervision by Mr. Cheung therefore allows us not only to respond quickly and effectively to matters that impact our service quality but also to develop business strategies to address customer demand and market conditions.

We believe that the competitive strengths, including our long history and the leadership under the hands of our experienced management team, are reflected in the continued quality of our teaching and have allowed us to expand our network to 13 tutorial centres (excluding our Tin Chak centre which is expected to commence operation in November 2016) as at the Latest Practicable Date. Through the experience gained from our

tutoring operations, we understand the demands of the local community and leveraging on our established history, brand recognition and quality service, we believe that we are well-positioned to capture potential gains in the private tutoring services industry in Hong Kong.

Commitment to high quality teaching standards

We are committed to achieving high quality teaching standards across our different tutorial centres. During the course of our Group's history and guided by the knowledge and experience of our management team, we have achieved such standards by focusing on our tutors' qualifications and experience and on our prepared course materials.

Firstly, we seek to engage qualified and experienced tutors who are also passionate about nurturing children's development. As at the Latest Practicable Date, we had 40 tutors, a majority of which have been with us for over three year. We encourage our tutors to undergo continuous development in improving their presentation skills and learning new and effective teaching methods and examination techniques to keep our students engaged while learning the necessary information for them to succeed in school. Secondly, we keep our course materials up to date based on our understanding of the materials covered in recent school curriculums as well as improving the presentation and layout of such materials (such as through point form, colored highlights and additional notes and analysis) to enhance their comprehensibility and ease of being memorised by our students. For further details of our measures to maintain our high quality teaching standards, please refer to the paragraph headed "Quality assurance" of this section. We believe that the key to success in this industry is the ability to deliver quality teaching. Therefore we believe the above is one of the significant driving forces behind our success.

Teaching strategy attentive to a student's needs

Given our desire to cater to each individual student's needs, our teaching strategy focuses on more direct teaching by our tutors (as opposed to relying on instructional videos in class) which we believe is more engaging for students and allows us to be more responsive to their problem areas. Furthermore, we generally design smaller classes for our tutoring services to allow us to be more attentive. During the Track Record Period, our secondary tutoring services generally include classes taught by a tutor in classes of 6 to 37 students (with an average class size of 8 to 14 students). Meanwhile, our primary tutoring services generally include classes taught by one tutor with an average class size of 4 to 6 students. At peak times and/or for more popular subjects during the Track Record Period, certain classes for primary tutoring services may be significantly larger (reaching 30 students per class). As our Directors believe that younger students may require more supervision and assistance in studying, in such cases we had increased the number of tutors in such classes by up to 3 tutors. According to the Industry Report, this distinguishes us from certain competitors in the market which rely more heavily on larger class size and video teaching and thus our teaching strategy serves as one of our main competitive advantages in attracting and keeping customers. Additionally, we offer complementary support services including organising ad hoc and supplementary after-class sessions by our tutors for students to raise additional questions, monitoring student attendance and progress and

communicating with parents regularly on such results as detailed in the paragraph headed “Our business and operations — Our services — Complementary support services” in this section. We believe that our students and their parents appreciate our attentiveness to a student’s development which also contribute to our continued success in the industry.

OUR BUSINESS OBJECTIVE AND STRATEGIES

Our business objective is to leverage on our competitive advantages to become one of the leading players in the private tutoring services in Hong Kong. We intend to achieve this by the following strategies:

Continue to expand our network across Hong Kong

As at the Latest Practicable Date, we had 13 tutorial centres (excluding our Tin Chak centre which is expected to commence operation in November 2016) with a focus on the New Territories West where 11 of our tutorial centres are located. We intend to enhance our market position in the private tutoring services industry in Hong Kong by increasing our presence and expanding our network in Hong Kong through opening or acquiring new centres. According to the Industry Report, one of the key factors for competing in the industry include geographical coverage.

Our expansion plan therefore serves to enhance our Group’s competitiveness in this area. As part of this plan, we may acquire centres as we believe that we may be able benefit from the relevant centres’ existing customers. In choosing a location for new tutorial centres, we intend to focus mostly on locations which are not covered by our existing network such as Fanling, Kwun Tong, Kowloon Bay, Tsz Wan Shan, Shatin and Tseung Kwan O but the final locations will be subject to market conditions and suitability of the location (such as near populated residential areas in particular new public or private housing estates or in areas close to a network of regular primary and secondary schools). We already had some success in our expansion including most recently in the Kowloon City centre which was our Group’s first tutorial centre outside New Territories, opened in March 2015. After approximately one year of operation, the Kowloon City centre achieved revenue of approximately HK\$1.8 million and HK\$1.0 million, or approximately 5% and 7% of the total revenue for the year ended 31 March 2016 and the five months ended 31 August 2016 respectively and the Directors are satisfied with its continuing performance. The utilisation rate for the Kowloon City centre reached approximately 70% and 75% for the year ended 31 March 2016 and the five months ended 31 August 2016 respectively. Our Directors believe that the success of the Kowloon City centre based on its financial performance and relatively high utilisation rate can demonstrate that our Group can compete in the market (i) by opening a new tutorial centre in a location outside of the New Territories; and (ii) with our existing business strategy rather than having star tutors. We also intend to locate a new centre in Yuen Long but considering the large size of this district, such new centre is expected to be located in an area away from Tin Shui Wai where currently four of our centres are located as well as our existing Yuen Long centre. Based on data provided by the Census and Statistics Department for 2015 and a paper published by Civil Engineering and Development Department in May 2016, the total population of Yuen Long was approximately 607,000, among which Tin Shui Wai accounted for almost 50%. Since we

only had one centre in Yuen Long excluding Tin Shui Wai area as at the Latest Practicable Date, our Directors believe that there will still be potential to grow in Yuen Long outside Tin Shui Wai area. Additionally, according to the Student Enrolment Statistics 2015/16 published by the EDB, the aggregate student enrolment numbers in primary and secondary local schools (as at 15 September 2015) in Tuen Mun, Yuen Long, Tai Po and Kowloon City, being the four districts where our tutorial centres are currently located, were approximately 46,000, 60,000, 27,000 and 62,000 respectively. Given that Yuen Long District had the second greatest number of such student enrolments next to Kowloon City District but with a longer established presence and reputation, our Directors believe that it was more advantageous to establish a new tutorial centre in Yuen Long District as compared to the other districts where our other tutorial centres are currently located.

Besides an opportunity to tap into customers from new locales in Hong Kong which our network currently does not cover, we note that based on data provided by the Census and Statistics Department for 2015, the average median monthly household income for three of the five new districts where the new tutorial centres are located (being North District where Fanling is located, Shatin District and Sai Kung District where Tseung Kwan O is located) was higher than Tuen Mun District and Yuen Long District in 2015 where most of our Group's existing network is located. Our Directors believe that the customers in these new locations are willing to accept higher course fees. Our Directors also visited and performed research on these areas and considered the number of possible suitable locations (particularly considering number and density of nearby estates and schools in the vicinity), public transport and the accessibility to these areas in general and number of local competitors identified. Based on such factors, our Directors believe that these new locations offered potential new customers and that the expansion plan into these areas is feasible and reasonable.

As at the Latest Practicable Date, we intend to expand our network by an additional seven tutorial centres by 31 March 2019 (for further details on our the expansion of our network, please refer to the paragraph headed "Our business and operations — Our network — Expansion of network" in this section). After such expansion, our network will include a total of 20 tutorial centres in Hong Kong.

In connection with this, we intend to allocate approximately HK\$11.6 million of the proceeds from the Share Offer for the expansion of our network. This amount is primarily for the opening or the acquisition of seven new tutorial centres. We expect the total capital expenditure and other initial investment costs for each new centre to be approximately HK\$1.6 million to HK\$1.7 million. These costs include initial renovation costs and estimated working capital requirements for 12 months for purposes of rental expenses and staff costs for new tutors and supporting staff. As these are new centres and also most centres will be located outside of our Group's existing network, our Directors considered that a reserve for about 12 months for salary and rental expenses (being the expected five months breakeven period plus seven months of operation expenses after breakeven) will be necessary. If the aforesaid amount allocated is insufficient for purposes of acquiring new centre(s), the remaining balance will be funded from internal resources. As at the Latest Practicable Date, we have not identified any target(s) for acquisition.

Our Directors are of the view that the expenses in relation to our expansion plan and other strategies would have an impact on our financial results for each of the years ending 31 March 2017, 2018 and 2019. Further details have been disclosed in the section headed “Future plans and use of proceeds” in this prospectus. Although our Directors believe that such expansion may increase our revenue in the future, it would also lead to higher expenses including but not limited to rental expenses, staff costs, advertising expenses and depreciation expenses in relation to leasehold improvement. The estimate breakeven period and the investment payback period for new tutorial centres are approximately five months and ten months respectively. However, since these seven new tutorial centres will be opened outside our existing network, there would be more uncertainties on the actual breakeven period and investment payback period. As the Kowloon City centre was our first tutorial centre in Kowloon and commenced operation during the Track Record Period, and also the expected size of those seven new tutorial centres will be similar to the Kowloon City centre, our Directors expect that the profitability and startup costs of the seven new tutorial centres will be similar to the Kowloon City centre as well.

Despite of such impact on our financial results, our Directors believe that such expansion plan and other strategies are important to remaining competitive in the market and the long term development of our Group.

Maintain and enhance service quality

As we expand our network and build upon our brand, we are committed to maintaining and enhancing our service quality for existing and new tutorial centres. We believe our continued success is contributed to a large extent on the efficient operation of our tutorial centres. For this purpose, we intend to conduct additional training for our tutors and enhance our existing centres, facilities and equipment and IT systems within 24 months after the Listing. For this purpose we intend to allocate approximately HK\$2.1 million of the proceeds from the Share Offer to the following matters:

Use	Total amount of proceeds from Share Offer allocated <i>HK\$ million</i>
Training tutors	0.4
Enhancement of our existing centres, facilities and equipment and IT systems	<u>1.7</u>
Total:	<u><u>2.1</u></u>

Promote our new tutorial centres and brand and increase our recognition in the market

We will build on our existing efforts to promote our brand ‘Logic Tutorial Centre’ and put sale and marketing effort to increase our recognition in the Hong Kong market. This promotional effort is also necessary to support our expansion plan (which focuses on extending our network to cover new locales) by increasing our reputation amongst student and parents in such new areas as they may be unfamiliar with our brand. Our Directors intend to achieve this by applying approximately HK\$1.3 million of our proceeds from the Share Offer within 24 months after the Listing comprising:

- HK\$0.7 million which will be used for brand building and increasing our reputation through online advertisements. This amount will also include expenses in development of our websites, apps and other software tools to improve our communication with students and their experience which we believe will increase our competitiveness.
- HK\$0.6 million which will be used for offline brand promotion such as advertisements on billboards, posters, banners and engagement of promoters in the vicinity of new centres established in our expansion plan to support our development.

Continue to expand our service capacity and broaden our services

We continuously monitor market trends and students’ learning demand based on (i) our Directors’, and tutors’ knowledge of the industry; and (ii) feedback of students and parents obtained from internally-devised market survey. Our Group will strive to offer popular new courses so as to diversify our revenue stream and achieve better financial return. As an established tutoring services provider in Hong Kong, we are well positioned to expand our service capacity and broaden our services to capture the growth opportunities in the private tutoring services industry in Hong Kong.

Implementation of business strategies

For further details on the implementation of the above-mentioned business strategies, commercial rationale of the Listing and the justification of our business strategies, please refer to the section headed “Future plans and use of proceeds — Future plans — Reasons for the Listing” in this prospectus.

OUR BUSINESS AND OPERATIONS

Our services

Our tutoring services are principally offered to secondary school students and primary school students as a supplement to the students' formal school education. During the Track Record Period, all of our revenue was derived from tutoring services provided by us in Hong Kong.

Set out below is a breakdown of our Group's revenue by segment for each of the years ended 31 March 2014, 2015 and 2016 and for each of the five months ended 31 August 2015 and 2016:

	Years ended 31 March						Five months ended 31 August			
	2014		2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)									
Secondary tutoring services	29,799	82.2	29,550	81.5	30,868	80.0	10,553	78.9	10,649	78.0
Primary tutoring services	6,439	17.8	6,699	18.5	7,708	20.0	2,823	21.1	3,002	22.0
Total	<u>36,238</u>	<u>100.0</u>	<u>36,249</u>	<u>100.0</u>	<u>38,576</u>	<u>100.0</u>	<u>13,376</u>	<u>100.0</u>	<u>13,651</u>	<u>100.0</u>

Secondary tutoring services

Our secondary tutoring services are offered to secondary school students from Secondary 1 to 6 who seek to improve their school performance for specific subjects and prepare for public examinations particularly HKDSEE given the importance of such examination in being accepted to a university of their choice. Our services generally include classes taught by a tutor in classes of 6 to 37 students during the Track Record Period. As at the Latest Practicable Date, we had a team of 31 Qualified Tutors (including tutors who provide secondary tutoring services only as well as tutors who provide both services) to teach classes involving secondary tutoring services.

As part of our secondary tutoring services, our tutors would prepare and provide teaching notes and materials and classes would generally focus on covering the materials in the relevant subject and addressing students' problems as they arise. Students are also told to work on practice problems and mock tests with our tutors' review and feedback to give students experience on being tested on the subject matter as well as learning the best techniques for answering such problems in the experience of our tutors.

Given the wide range of possible subjects under the formal school curriculum set forth by the EDB, we generally focus on what we believe to be the most popular core and elective subjects in this curriculum. For Secondary 1 to 3 students, we offered Chinese Language, English Language, Mathematics, Science, Chinese History, Geography, History, History and Culture and Integrated Humanities tutoring services with English Language and Mathematics as main focuses. For Secondary 4 to 6 students, our tutoring services mainly covered HKDSEE subjects.

HKDSEE subjects are divided into the following three categories: (Category A) 24 senior secondary subjects (4 core subjects and 20 elective subjects); (Category B) applied learning subjects; and (Category C) other language subjects. Our Group focuses exclusively on Category A subjects. During the Track Record Period, we offered nine different core and elective subjects within Category A to our Secondary 4 to 6 students. We do not offer subjects under Category B or C.

Set out below is the list of Category A subjects offered to our Secondary 4 to 6 students as at the Latest Practicable Date:

Category A — Core Subjects

Subjects

Chinese Language
English Language
Mathematics
Liberal Studies

Category A — Elective Subjects

Subject

Economics
Biology
Chemistry
Physics
Business, Accounting & Financial Studies

During the Track Record Period, a majority of our revenue derived from secondary tutoring services. Revenue from secondary tutoring services represented approximately 82.2%, 81.5%, 80.0%, 78.9% and 78.0% of our total revenue for the years ended 31 March 2014, 2015 and 2016 and for the five months ended 31 August 2015 and 2016 respectively.

BUSINESS

Set out below are certain breakdown relating to our secondary tutoring services for each of the years ended 31 March 2014, 2015 and 2016 and for each of the five months ended 31 August 2015 and 2016:

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
				(unaudited)	
Revenue (<i>HK\$'000</i>)					
— Regular courses	27,062	26,703	27,999	8,589	8,615
— Summer courses	1,851	1,664	1,596	1,596	1,605
— Intensive courses	886	1,183	1,273	368	429
Total number of students <i>Note 1</i>					
— Regular courses	4,503	4,316	4,157	2,450	2,471
— Summer courses	1,505	1,340	1,092	1,091	1,182
— Intensive courses	895	1,289	1,425	685	729
Total number of course enrolments					
— Regular courses	45,606	46,053	42,397	13,752	13,905
— Summer courses	1,528	1,413	1,103	1,103	1,192
— Intensive courses	2,178	3,691	3,304	1,275	1,505
Total number of tutors <i>Note 2</i>					
	31	32	31	32	31
Average class size (<i>No. of students</i>)					
— Regular courses	13	11	10	9	10
— Summer courses	10	8	10	10	11
— Intensive courses	13	12	10	14	14
Average course fees (<i>HK\$</i>)					
— Regular courses	593	580	660	625	620
— Summer courses	1,211	1,178	1,447	1,447	1,346
— Intensive courses	407	321	385	289	285

Notes:

- (1) There may be overlapping in cases where students enroll in more than one category of courses.
- (2) These tutors include tutors that only provide secondary tutoring services as well as tutors who provide both secondary tutoring services and primary tutoring services.

BUSINESS

In relation to secondary tutoring services, set out below is the number of course enrolment and revenue based on their school level for each of the years ended 31 March 2014, 2015 and 2016 and for each of the five months ended 31 August 2015 and 2016:

	2014		Years ended 31 March 2015		2016		Five months ended 31 August 2015		2016	
	Number of course enrolments	Revenue HK\$'000	Number of course enrolments	Revenue HK\$'000	Number of course enrolments	Revenue HK\$'000	Number of course enrolments	Revenue HK\$'000 (unaudited)	Number of course enrolments	Revenue HK\$'000
Secondary 1	4,078	3,777	3,049	3,319	3,023	3,503	1,228	1,429	971	1,421
Secondary 2	4,820	4,897	3,591	3,975	3,815	4,635	1,266	1,666	1,194	1,777
Secondary 3	4,383	4,647	3,939	4,548	3,403	4,049	1,348	1,563	1,135	1,627
Secondary 4	15,378	6,633	14,732	6,383	13,663	6,790	5,458	2,432	5,246	2,422
Secondary 5	11,776	5,413	14,066	6,065	12,372	6,095	5,167	2,635	4,602	2,194
Secondary 6	8,877	4,432	11,780	5,260	10,528	5,796	1,663	828	3,454	1,208
Total	<u>49,312</u>	<u>29,799</u>	<u>51,157</u>	<u>29,550</u>	<u>46,804</u>	<u>30,868</u>	<u>16,130</u>	<u>10,553</u>	<u>16,602</u>	<u>10,649</u>

Primary tutoring services

Our primary tutoring services are offered to primary school students from Primary 1 to 6 who seek to improve their performance in formal school and in examination settings. Our primary tutoring services also assist these younger students in solidifying the foundational knowledge necessary for them to succeed through the school system. Our primary tutoring services generally included classes taught by one tutor with an average class size of 4 to 6 students during the Track Record Period. At peak times and/or for more popular subjects during the Track Record Period, certain classes for primary tutoring services may be significantly larger (reaching 30 students per class). As our Directors believe that younger students may require more supervision and assistance in studying, in such cases we had increased the number of tutors in such classes by up to 3 tutors. As at the Latest Practicable Date, we had a team of 21 Qualified Tutors (including tutors who provide primary tutoring services only as well as tutors who provide both services) to teach classes involving primary tutoring services.

Our courses generally focus either on supervising and tutoring day-to-day school work of our primary students or cover lessons specially designed to increase our primary students' knowledge in certain subject matters particularly Chinese language, English language and Mathematics and General Studies through various exercises to improve their comprehension and use of the subject matter. For Primary 1 to 6 students, our tutoring services during the Track Record Period covered certain subjects under the formal primary school curriculum set forth by EDB.

The subjects under formal primary school curriculum are divided into eight subjects. During the Track Record Period, we offered four out of eight subjects under the formal primary school curriculum set forth by the EDB.

BUSINESS

Set out below is the list of subjects offered to our Primary 1 to 6 students as at the Latest Practicable Date:

Subject

Chinese Language

English Language

Mathematics

General Studies for Primary Schools

Revenue from primary tutoring services represented approximately 17.8%, 18.5%, 20.0%, 21.1% and 22.0% of our total revenue for each of the years ended 31 March 2014, 2015 and 2016 and for each of the five months ended 31 August 2015 and 2016 respectively.

Set out below are certain breakdowns relating to our primary tutoring services for each of the years ended 31 March 2014, 2015 and 2016 and for each of the five months ended 31 August 2015 and 2016:

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
	(Unaudited)				
Revenue (<i>HK\$'000</i>)					
— Regular courses	5,716	5,999	6,974	2,088	2,114
— Summer courses	723	700	734	735	888
Total number of students					
<i>Note 1</i>					
— Regular courses	1,058	1,220	1,165	555	580
— Summer courses	427	370	384	384	395
Total number of course enrolments					
— Regular courses	6,337	5,679	6,524	1,860	1,901
— Summer courses	453	479	454	454	467
Total number of tutors					
<i>Note 2</i>					
	20	20	20	20	20
Average class size					
<i>(No. of students)</i>					
— Regular courses	6	5	6	6	6
— Summer courses	4	4	5	5	5
Average course fees (<i>HK\$</i>)					
— Regular courses	902	1,056	1,069	1,123	1,112
— Summer courses	1,596	1,461	1,617	1,619	1,901

BUSINESS

Notes:

- (1) There may be overlapping in cases where students enroll in more than one category of courses. For example, we experienced an increase in the total number of course enrolments for regular courses for our primary tutoring services for the year ended 31 March 2016 as compared to the year ended 31 March 2015 despite a decrease in the total number of students for primary tutoring services over the same period. The increase was due to the fact that on average each student enrolled in approximately 5.6 regular courses for the year ended 31 March 2016 rather than approximately 4.7 regular courses for the year ended 31 March 2015. Our Directors believe the increase in average regular courses per student was caused by the introduction of new courses during the year ended 31 March 2016.
- (2) These tutors include tutors that only provide secondary tutoring services as well as tutors who provide both secondary tutoring services and primary tutoring services.

In relation to primary tutoring services, set out below is the number of course enrolments and revenue based on their school level for each of the years ended 31 March 2014, 2015 and 2016 and for each of the five months ended 31 August 2015 and 2016:

	2014		Years ended 31 March 2015		2016		Five months ended 31 August 2015		2016	
	Number of course enrolments	Revenue (HK\$'000)	Number of course enrolments	Revenue (HK\$'000)	Number of course enrolments	Revenue (HK\$'000)	Number of course enrolments	Revenue (HK\$'000) (unaudited)	Number of course enrolments	Revenue (HK\$'000)
Primary 1	223	234	297	316	518	568	281	325	137	198
Primary 2	498	514	474	532	777	927	223	309	240	361
Primary 3	839	813	657	738	972	1,127	297	365	357	467
Primary 4	988	977	936	973	1,210	1,327	422	508	452	570
Primary 5	1,771	1,706	1,242	1,355	1,587	1,746	627	753	521	700
Primary 6	2,471	2,195	2,552	2,785	1,914	2,013	464	563	661	706
Total	6,790	6,439	6,158	6,699	6,978	7,708	2,314	2,823	2,368	3,002

According to the Industry Report, the number of secondary tutoring students in Hong Kong has been decreasing since 2013/2014. In light of this, we have already implemented the following measures in order to attract more primary students during the Track Record Period:

- expanded network in location with significant potential for primary tutoring services: the Kowloon City centre commenced business in March 2015. According to Student Enrolment Statistics 2015/16 published by EDB, the student enrolment in primary local schools (as in September 2015) of Kowloon City District was 27,612, which was above average in Hong Kong; and
- enhanced teaching and services quality for primary school students: in March 2016, we set up a team of tutors who were more devoted to primary tutoring services. Their role is to closely monitor the development in the syllabus of primary education according to the EDB and to develop more comprehensive and innovative teaching techniques.

We will continue to pursue such long term strategy going forward. For details, please refer to the section headed “Future plans and use of proceeds” of this prospectus.

Recurring students

For each of the years ended 31 March 2014, 2015 and 2016 and for each of the five months ended 31 August 2016, we had 5,359, 5,002, 4,757 and 2,997 students respectively who enrolled in more than one of our Group's courses during the year/period.

We also had 3,476, 3,515, 3,198 and 2,608 students for each of the years ended 31 March 2014, 2015 and 2016 and for each of the five months ended 31 August 2016 respectively who enrolled in our Group's courses during the year/period and also enrolled in our Group's courses during the immediately preceding year/period.

The above decreasing trends during the Track Record Period were mainly due to the decrease in number of our students over the corresponding period. As our number of students reduced, so did the number of students who enrolled in more than one of our Group's courses.

Complementary support services

In addition to our core tutoring services, we offer complementary support services specifically (i) organising of ad hoc and supplementary after class sessions by our tutors for students to raise additional questions allowing more time for our tutors to address more difficult areas and making them more aware of individual student's concerns and respond as necessary; (ii) monitoring attendance record and performance of each student; and (iii) contacting their parents regularly to ensure both the student and his or her parents are informed of their relevant progress.

Our tutors are generally responsible for calling or meeting parents from time to time as deemed necessary to follow up with students' performance in our tutorial centres. Tutors normally keep a record of their communication with the parents of each of their students. If a student misses a class due to sickness or other reasons, the tutors will record the absence and we may make arrangements for the make-up class for the student.

Our courses*Course structure*

During the Track Record Period, we offered a wide range of courses on one or multiple subjects. We seldom change subjects offered during the year after the annual plan is confirmed. However, we will conduct continuous review on the courses we offer and may increase or decrease specific courses/subjects when making the annual plan based on the following factors: (1) the demand of a particular course by reviewing the number of students taking such subject in HKDSEE; (2) our additional costs for adding such course/subject; and (3) whether we have enough resources for the additional course/subject including our capacities, capital and availability of tutors with appropriate qualifications for teaching such course/subject.

Our courses are generally divided into three categories based upon the timing of the academic year of schools in Hong Kong being: (i) regular courses; (ii) summer courses; and (iii) for secondary tutoring services only, intensive courses. Regular courses generally run from September to June and coincide with the general academic term of schools in Hong Kong. Summer courses generally run from July to August to coincide with summer vacations for schools in Hong Kong. The intensive courses generally run before public examinations and school examinations in the months of January to June.

When students enroll in our course, such course consists generally of four classes. A course generally takes place over a period of one month. Given the variety of courses that we offer, the length of the courses may vary however depending on the exact nature. Each of our classes during the Track Record Period was generally between one to two hours long. During the Track Record Period, class sizes for secondary tutoring services were generally 6 to 37 students (with an average class size of 8 to 14 students). Meanwhile, our primary tutoring services generally include classes taught by one tutor with an average class size of 4 to 6 students during the Track Record Period. At peak times and/or for more popular subjects during the Track Record Period, certain classes for primary tutoring services may be significantly larger (reaching 30 students per class). As our Directors believe that younger students may require more supervision and assistance in studying, in such cases we had increased the number of tutors in such classes by up to 3 tutors.

Enrolment and class scheduling

We provide details of our courses, our fees and installments, our principal and tutors in our tutorial centre in pamphlets and notices/posters as displayed in our tutorial centres and in marketing materials.

Generally, students sign up to courses within one month prior to the commencement of the course or during the course. We have a standard enrolment form for all of our courses. The same courses are generally offered across our different tutorial centres.

Upon enrolment, our staff will register the students' profiles, course enrolments and during the course, also keep records of attendance, course fees and schedules in our computer system. We will provide our customers with appropriate receipts to acknowledge payment and enrolment.

Generally, we do not allow students to reschedule the class once the student is enrolled given that we need to ensure compliance with the maximum number of students allowed per classroom registered with the EDB. On a case by case basis and subject to availability, we may allow students to reschedule their selected classes in practice with at least one day prior notice. In addition, if our tutor is unavailable for the class (such as due to illness), we will generally contact the students to reschedule the class.

Course fees and credit period

Our course fees are reviewed at least once annually and determined by our Directors and senior management according to a number of factors including the (i) prevailing market rate; (ii) cost analysis based on the details of the course (such as purchasing power of the

target student group, course duration and their frequency, subject taught, expected demand) with a reasonable profit margin and (iii) if applicable, the packages offered by us. During the Track Record Period and in relation to our regular courses, we offered package deals for such courses. The package deals may change from time to time. However, they generally specify different prices (and therefore larger discounts) for each individual class/course where certain minimum conditions are fulfilled. During the Track Record Period, the minimum conditions mainly related to enrolling in: a minimum number of classes/courses from 3 to 5 classes per week (with discounts ranging from approximately 6% to 32% of the original price for each class of individual course), classes/courses over a certain minimum period of 4 to 5 hours per class (with discounts ranging from approximately 15% to 29% of the original price for each session of individual course); or classes/courses relating to a certain minimum number of subjects from 2 to 7 subjects (with discounts ranging from approximately 4% to 27% of the original price for individual subject).

Our staff will provide available class dates and times and discuss the general terms of enrolment prior to enrolment. Upon receiving payment, we will provide a receipt of payments which will mention the effective period of approximately one month which students should schedule and attend classes. If students do not schedule and attend the classes within the effective period, the course fees paid may be forfeited. During the Track Record Period, our Group did not record any forfeited income as in our Directors' experience, our students generally attend the courses after paying for our courses and students who could not attend their selected classes were usually able to reschedule the class.

Courses fees are generally payable by cash or cheque and no credit period is granted to students. The payments are generally made in advance with the first instalment payment within one month prior to the commencement of the course. However, we experienced cases where students were late in payment and during the Track Record Period, our Group's account receivables as at 31 March 2014, 2015 and 2016 and 31 August 2016 were approximately HK\$1.3 million, HK\$1.4 million, HK\$0.7 million and HK\$0.5 million respectively. Our account and finance department will review our account receivables on a monthly basis. Where payment is not made on a timely basis, our account and finance department with assistance from the relevant tutorial centre supervisor will contact and provide reminders to our relevant customer for the outstanding tutoring fees. Upon overdue payment of over three months, we will provide our customers with a final notice that we will be considering legal action if settlement is not made within one month. Finally, upon this one month period, we will consider initiating legal action or take other appropriate action for payment and to minimise our losses (for further details of our account receivables and the reason why no bad debt was written off in relation to course fee during the Track Record Period, please refer to the section headed "Financial information — Discussion of major consolidated statements of financial position items — Account receivables" in this prospectus).

Withdrawal policy

As stipulated in our standard enrolment form, students or his/her parent on the student's behalf may withdraw from our tutoring services with prior notice in writing to us. The period required is generally at least 14 days for secondary tutoring services and 7 days for primary tutoring services.

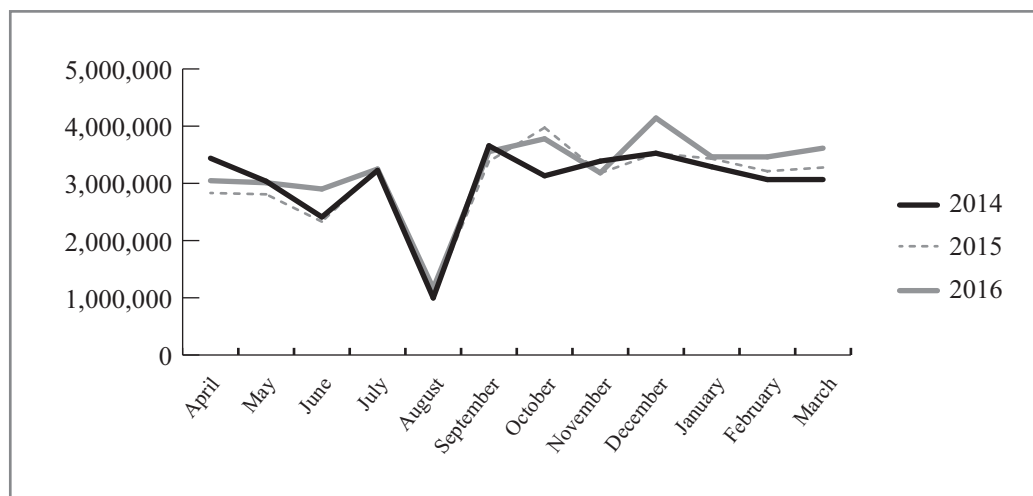
During the Track Record Period, the refunds in the case of permitted withdrawals were not material. For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, the amount of such refunds was approximately nil, HK\$200, HK\$430 and nil respectively.

During the Track Record Period, our Group did not record any forfeited income as in our Directors' experience, our students generally attend the courses after paying for our courses and Students who could not attend their selected classes were usually able to reschedule the class.

Seasonality

Our revenues and operating results fluctuated as a result of seasonal variations in our business, principally due to course enrolments and courses offered. As noted in the paragraph headed "Our business and operations — Our courses" of this section, our regular courses, intensive courses and summer courses are generally offered in different periods during the year and correspond with the academic term of schools in Hong Kong and course fees between them may vary.

The following chart shows our revenue each month derived from our secondary tutoring services and primary tutoring services for each of the years ended 31 March 2014, 2015 and 2016:



As shown above, our Group's revenue was generally fairly stable for each of the years ended 31 March 2014, 2015 and 2016 with the most significant drop from July to August when many students ceased to take tutoring courses after school examinations and began

taking breaks during the summer holidays in Hong Kong. Our revenue generally then increased after the school term resumed in September and remained stable with a slight drop in April when HKDSEE had finished and there was a reduction in course enrolments for certain HKDSEE related courses until the cycles continued for the next academic year. Our Directors expect our Group's revenues and operating results to continue to be influenced by such seasonal enrolment patterns. Such patterns may change, however, as a result of an increased variety of programmes and services our Group offers.

Our network*Existing tutorial centres*

Our first Logic Tutorial Centre was established in March 1999 by Ms. Cheng (for further details of our history, please refer to the section headed "History, Reorganisation and corporate structure" of this prospectus) and we have expanded since then. As at the Latest Practicable Date, we operated 13 tutorial centres (excluding our Tin Chak centre which is expected to commence operation in November 2016) all on leased properties in Hong Kong of which six were located in Tuen Mun, five were located in Yuen Long and one was located in Kowloon City and Tai Po each. We have obtained Certificates of Registration of a School from the EDB for all of our existing tutorial centres. We also had 32 registered classrooms and a maximum number of 645 pupils were permitted in our classrooms at the same time according to EDB as at the Latest Practicable Date (for further details, please refer to the section headed "Regulatory overview — Education Ordinance — Certificate of Accommodation" of this prospectus).

BUSINESS

Set out in the below tables are breakdowns of our existing tutorial centres and further details of each tutorial centre as at the Latest Practicable Date:

Tutorial centre <i>Notes 1&3</i>	Commencement of business	Number of registered classrooms according to EDB	Maximum number of pupils at the same time according to EDB
Tuen Mun			
Goodrich centre	March 1999	2	44
Lung Mun centre	February 2004	1	19
Yau Oi centre	December 2004	4	89
Melody Garden centre	December 2004	2	39
Kin Sang centre	December 2006	3	58
Parklane Square centre	April 2007	3	72
Yuen Long			
Chestwood centre	September 2005	4	60
Kingswood Richly Plaza centre	January 2007	2	41
Fortune Kingswood centre	September 2009	2	52
Grandeur Terrace centre <i>Note 2</i>	March 2010	1	26
Yuen Long centre <i>Note 2</i>	December 2015	2	42
Others			
Tai Po centre	February 2013	4	75
Kowloon City centre	March 2015	2	28
Total		32	645

Notes:

- (1) The names of the tutorial centres are for reference only. As at the Latest Practicable Date, all of our tutorial centres use our brand, 'Logic Tutorial Centre' ('勵致研習中心').
- (2) During the Track Record Period, we operated, among others, the Kau Yuk Road centre and the YOHO centre. These two centres commenced business in March 2008 and January 2011 respectively. The lease agreement for YOHO centre expired in November 2015 and the lease agreement for the Kau Yuk Road centre expired on 30 November 2015. We did not renew these lease agreements and closed down these two centres given the relatively low utilisation rate of these two centres during the Track Record Period (for further details of the utilisation rates of our centres during the Track Record Period, please refer to the subparagraph below headed "Allocation of time for usage of classrooms" in this section). Our Directors believe that our new Yuen Long centre, which commenced business in December 2015, is a better replacement of the Kau Yuk Road centre and the YOHO centre as (i) one single centre instead of two separate centres will make it more efficient to serve our customers and more cost effective for our operation; and (ii) the Yuen Long centre is in the vicinity of the Kau Yuk Road centre and the YOHO centre which still serves as a convenient location to our students studying or residing in the vicinity near the Kau Yuk Road centre and the YOHO centre. Prior to the closing of the Kau Yuk Road centre and the YOHO centre, the aggregate number of registered classrooms and the maximum number of pupils at the same time according to

BUSINESS

EDB for these two centres were 4 and 82 respectively. We also do not currently intend to renew the lease agreement for the Grandeur Terrace centre upon its expiry on 1 December 2016 given that we intend to replace this centre with our new Tin Chak centre.

- (3) The above table does not include our new centre, the Tin Chak centre, which is expected to commence business on around 25 November 2016.

Performance of different tutorial centres

During the Track Record Period, the revenue contribution and operating margin (being revenue less operating expenses such as rental and labour costs over revenue) for each of our centres was as follows:

	Years ended 31 March						Five months ended 31 August					
	2014		2015		2016		2015		2016			
	Revenue	Operating margin	Revenue	Operating margin	Revenue	Operating margin	Revenue	Operating margin	Revenue	Operating margin	Revenue	Operating margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Tuen Mun												
Goodrich centre	644	2	11	490	1	10	452	1	12	180	1	8
Lung Mun centre	1,098	3	28	1,161	3	27	1,179	3	33	361	3	26
Yau Oi centre	4,440	12	52	4,545	13	52	3,504	9	54	1,466	11	33
Melody Garden centre	1,623	4	43	1,393	4	38	1,719	4	38	545	4	18
Kin Sang centre	3,090	9	34	3,049	8	34	3,328	9	36	1,109	8	21
Parklane Square centre	5,834	16	43	6,294	17	43	7,291	19	47	2,323	17	33
Yuen Long												
Chestwood centre	2,030	6	29	1,903	5	29	1,772	5	31	685	5	23
Kingswood Richly Plaza centre	3,850	11	46	3,819	11	46	3,413	9	46	1,311	10	25
Fortune Kingswood centre	3,900	11	52	4,519	12	56	4,639	12	59	1,534	11	42
Grandeur Terrace centre ^{Note 1}	4,947	13	47	4,602	13	42	4,936	13	48	1,711	13	36
Kau Yuk Road centre ^{Note 1}	1,757	5	32	1,339	4	33	947	2	33	525	4	27
YOHO centre ^{Note 1}	1,088	3	14	629	2	9	163	0	-94	143	1	-79
							(Note 1)			(Note 1)		
Yuen Long centre ^{Note 2}	—	—	—	—	—	(Note 2)	564	2	31	—	0	—
Others												
Kowloon City centre ^{Note 2}	—	—	—	81	0	(Note 2)	1,846	5	31	482	4	21
Tai Po centre	1,937	5	24	2,425	7	25	2,823	7	35	1,001	7	32
Total	<u>36,238</u>	<u>100</u>	<u>36,249</u>	<u>100</u>	<u>38,576</u>	<u>100</u>	<u>13,376</u>	<u>100</u>	<u>13,651</u>	<u>100</u>	<u>13,651</u>	<u>100</u>

Notes:

- (1) During the Track Record Period, we operated among others the Kau Yuk Road centre and the YOHO centre which have since been closed. Due to the relatively low utilisation rate, the fact that we ceased taking students in around September 2015 and closed the YOHO centre in November 2015, the operating margin for this centre was negative for the year ended 31 March 2016 and it was therefore loss-making. The lease agreement for the YOHO centre and the lease agreement for the Kau Yuk Road centre expired in November 2015. We also do not currently intend to renew the lease agreement for the Grandeur Terrace centre upon its expiry on 1 December 2016 given that we intend to replace this centre with our new Tin Chak centre.
- (2) The Kowloon City centre and the Yuen Long centre commenced business in March 2015 and December 2015 respectively and therefore no revenue or minimal revenue was recorded during certain above periods and the operating margin for such centres during the year ended 31 March 2015 was not calculated accordingly.

As at the Latest Practicable Date, our Company confirmed that each of our above tutorial centres have achieved investment payback (meaning the accumulated net profit from the tutorial centre is at least equal to the costs or more than the expenditure and start-up costs and accumulated ongoing operating expenses).

The main reasons for the above difference in revenue generation are as follows:

- (1) The location of tutorial centres may affect its revenue generation. The more convenient a tutorial centre is, the more students it may enroll. For example, the Parklane centre is located at around the centre of Tuen Mun District and therefore we believe it is more attractive to students.
- (2) The capacity of tutorial centres may affect its revenue generation. Each of our tutorial centres is permitted to have a certain maximum number of pupils at the same time according to EDB and this number differs amongst all of our tutorial centres. Therefore each centre's revenue generation capacity varies according to the number of students it could enroll.

The factors affecting the operating margin of individual tutorial centres are mainly revenue and costs (comprising mainly of rental and staff costs). The rental amount varies according to the location and negotiations with the relevant landlord whereas the staff costs vary by the number of tutors working at such tutorial centre and the education background and experience of such tutors which affect their salary. Our Directors believe that the main reason for the difference in operating margins among different tutorial centres is because the majority of our operating costs are fixed and do not change in proportion to the revenue generated. In general, our tutorial centres that can generate higher revenue can also achieve higher operating margins. For example, our top five tutorial centres in terms of revenue generation (being the Parklane centre, the Grandeur Terrace centre, the Fortune Kingswood centre, the Yau Oi centre and the Kingswood Richly Plaza centre) for the year ended 31 March 2016 also achieved the highest operating margins among our tutorial centres. In comparison, the Goodrich centre, the Chestwood centre, the Tai Po centre, the Lung Mun centre and the Kin Sang centre, being tutorial centres with lower operating margins compared to our other tutorial centres, also generally generated lower revenue for the year ended 31 March 2016 compared to our other tutorial centres.

None of the centres was loss-making during the Track Record Period except for the closed YOHO centre for the year ended 31 March 2016. We did not renew the lease agreements for our Kau Yuk Road centre and the YOHO centre given that our new Yuen Long centre commenced business in December 2015, which is in the vicinity of these two centres. The aggregate revenue contribution from our Kau Yuk Road centre and the YOHO centre was approximately HK\$2.8 million, HK\$2.0 million and HK\$1.1 million respectively for each of the years ended 31 March 2014, 2015 and 2016 representing approximately 8%, 6% and 2% of our total revenue over the same period.

We do not intend to renew the lease agreement in relation to the Grandeur Terrace centre upon its expiry on 1 December 2016 given that we intend to replace this centre with our new Tin Chak centre as our Directors believe that the new Tin Chak centre will better serve our students since (i) the size of the new centre is significantly larger than our Grandeur Terrace centre; (ii) it is one large shop instead of two separate shops in the Grandeur Terrace centre which could facilitate better management; and (iii) it is in a shopping mall instead of near the street which we believe is a more attractive location. The revenue contribution from the Grandeur Terrace centre was approximately HK\$4.9 million, HK\$4.6 million, HK\$4.9 million and HK\$1.8 million for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively, representing approximately 13%, 13%, 13% and 13% of our total revenue over the same period. The new Tin Chak centre is currently under renovation. Up to the Latest Practicable Date, this Tin Chak centre has not yet commenced business but we expect to complete such relocation and have this new centre commence business on or around 25 November 2016.

As at the Latest Practicable Date, we have received the certificates issued by the Fire Services Department and Buildings Department as well as the Certificate of Registration of a School in relation to the Tin Chak centre. Based on the conversations between us and the EDB, we understand we will receive the Certificate of Accommodation issued by the EDB in relation to the Tin Chak centre on or around 24 November 2016. Our Directors confirm that we have notified our existing students enrolled in the Grandeur Terrace centre concerning the relocation and encouraged new students to join our other centres instead. Our Directors believe that we will not experience any material disruption in our business operations due to the relocation from the Grandeur Terrace centre to the Tin Chak centre for the following reasons: (i) the Tin Chak centre is in the vicinity of the Grandeur Terrace centre and we have four other centres in Yuen Long to service students in this area; (ii) the premises for the Tin Chak centre is in a shopping mall and accessible to the public; and (iii) as mentioned above, we notified students to prepare them for the relocation and minimise its impact.

As at the Latest Practicable Date, we had 588 enrollments comprising of 575 enrollments for courses which have already commenced at Grandeur Terrace centre and 13 enrollments for courses expected to first commence at Grandeur Terrace centre and prior to the relocation to Tin Chak centre. Our Directors confirm that up to the Latest Practicable Date, none of such students have requested withdrawal. Accordingly, our Directors' are of the view that such 588 enrollments will be transferred from our Grandeur Terrace centre to

the Tin Chak centre upon the commencement of business of the Tin Chak centre. Based on the above figures and using the same calculation basis for utilisation rates in this section, the expected utilisation rate will be approximately 70%.

Expansion of network

We plan to continue expanding our network and branching out into other locations in Hong Kong. During the Track Record Period and up to the Latest Practicable Date, we commenced business at the Kowloon City centre and the Yuen Long centre. Our Kowloon City centre commenced business in March 2015 and its expenditure and start-up cost (being mainly renovation costs) was approximately HK\$0.38 million and we also commenced business in our Yuen Long centre in December 2015 and its expenditure and start-up cost (being mainly renovation costs) was approximately HK\$0.38 million and funded from internally generated resources. We expect to commence our new Tin Chak centre on or around 25 November 2016 and we estimate that the expenditure and start-up cost (being mainly renovation costs) will be approximately HK\$0.5 million to be funded from internally generated resources. Up to the Latest Practicable Date, the renovation is completed and we have already incurred approximately HK\$0.5 million.

The amount of time it takes to reach the “breakeven point” or the “investment payback point” for our tutorial centre is affected by a variety of factors, including, among others, the size, location and opening time of the tutorial centre, the expenditures of securing the location for the centre particularly the rental arrangement agreed with the landlord, and the economic and other conditions (including the competitive landscape) in Hong Kong and in the relevant locale of the tutorial centre. Therefore the amount of time varies substantially for each tutorial centre and over time.

Generally, the breakeven period (being the first month from commencement of renovation of the new centre to when the monthly operating revenue is at least equal to its monthly operating expenses such as rental and labour costs) for our tutorial centres is approximately five months and investment payback period (being the first month from commencement of renovation of the new centre to when the accumulated net profit from the tutorial centre is at least equal to the costs or more than the expenditure and start-up costs and accumulated ongoing operating expenses) is approximately ten months.

We expect to open seven new tutorial centres in Hong Kong by 31 March 2019 and the expenditure and start-up cost of such centres will be funded from the proceeds from the Share Offer (for details of other assumptions for such above expectations for our new tutorial centres and timeframe for use of proceeds as detailed in the section headed “Future plans and use of proceeds” of this prospectus.) Upon the commencement of operations of the above tutorial centres, we will become an operator of 20 tutorial centres by 31 March 2019.

As set out in the section headed “Risk factors — We may not be able to maintain the current levels of operational efficiency in our tutorial centres as well as growth and implementation of our future plans” in this prospectus, there are certain risks associated with expansion in other areas of Hong Kong which is currently not within our network. To manage such risks, we plan to take the following steps:

- (i) in relation to managing risks associated with finding suitable locations and entering into new lease agreements on favourable terms, we generally take into account such factor before proceeding to expand and have adopted certain steps as part of identifying suitable locations for our centres as set out below in the subparagraph headed “Identifying suitable locations and leasing” in this section; and
- (ii) in relation to managing risks associated with competing against established competition in areas and attracting customers in such other areas, we believe that building upon our competitive strengths and additional marketing activities in Hong Kong beyond our normal activities set out in the section headed “Future plans and use of proceeds” in this prospectus will enable us to compete more effectively and attract customers even in such other areas of Hong Kong.

Allocation of time for usage of classrooms

Given the wide variety of our tutoring services and the limits to our capacity based on available classrooms, we generally seek to maximise the efficient and effective usage of our classrooms. Generally, our classrooms are not designated for particular tutoring services and our registry department is responsible for determining the courses and time arrangement for each tutorial centre. In determining how to allocate classrooms for different tutoring services, we take into account: (i) the number of available classrooms and the maximum number of pupils permitted according to the EDB; (ii) timetables of our tutors; (iii) the number of enrolled students adjusting for expected fluctuations; and (iv) the durations and frequencies of the tutoring classes.

BUSINESS

As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, there had been no material scheduling problems leading to complaints from the students. To maintain flexibility, no classroom of the tutorial centres is designated for a specific tutoring service. The following table sets forth the utilisation rate of our tutorial centres during the Track Record Period:

	Years ended 31 March				Five months ended 31 August 2016			
	2014		2015		2016		2016	
	Utilisation		Utilisation		Utilisation		Utilisation	
	Capacity	rate	Capacity	rate	Capacity	rate	Capacity	rate
	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1	Note 1
	'000	%	'000	%	'000	%	'000	%
Tuen Mun								
Goodrich centre ^{Note 2}	43	20	43	13	43	11	16	10
Lung Mun centre	19	65	19	67	19	61	7	62
Yau Oi centre	99	48	99	46	99	35	40	34
Melody Garden centre	38	44	38	38	38	41	14	40
Kin Sang centre	64	51	64	48	64	47	26	47
Parklane Square centre	95	60	80	74	80	78	31	69
Yuen Long								
Chestwood centre								
^{Note 3}	66	33	66	29	66	23	25	21
Kingswood Richly								
Plaza centre ^{Note 4}	58	70	58	65	58	51	16	49
Fortune Kingswood								
centre	58	73	58	79	58	70	23	62
Grandeur Terrace								
centre ^{Note 5}	57	94	57	82	57	81	21	84
Kau Yuk Road centre								
^{Note 6}	43	43	43	26	26	30	—	—
YOHO centre ^{Note 6}	47	24	47	13	29	4	—	—
Yuen Long centre	—	—	—	—	19	34	19	36
Others								
Kowloon City centre								
^{Note 7}	—	—	2	80	31	70	13	75
Tai Po centre ^{Note 3}	81	25	81	29	81	32	30	38

Notes:

- (1) The capacity for each centre at one time is based on the maximum number of pupils EDB permitted adjusted by a larger floor space allocated to each student on the following basis:
 - the EDB recommended the floor space for classrooms for primary and secondary students should be not less than 0.9 m² (based on the Guidelines for Registration of a New School (For premises designed and constructed as a school) issued by EDB); and
 - in order to provide a better learning environment for our students, we allocate more space to each student with 1.1 m² instead.

We then use the actual number of enrolments in the relevant centre during the year/period divided by the maximum capacity during the year/period.

BUSINESS

The major assumptions for our calculations include:

- We conduct one lesson per week per course for Secondary 4 to Secondary 6 students (or 4 lessons per month per course);
- We conduct three lessons per week per course for Secondary 1 to Secondary 3 students and Primary students (or 12 lessons per month per course);
- There are four classes per day from Monday to Friday;
- There are three classes per day on Saturday and Sunday or in the case of tutorial centres which close on Sunday, three classes on Saturday; and
- We exclude courses which are not offered on a monthly recurring basis and are seasonal in nature.

As an illustration, the capacity and utilisation rate of Lung Mun centre for the year ended 31 March 2014 are calculated as follow:

Maximum number of pupils EBD permitted = 19 students at one time

Adjusted with larger space for each student = $19 \times 0.9/1.1$ = approximately 16 students at one time

On this basis, its capacity is calculated as follow:

Capacity for Lung Mun centre for the year ended 31 March 2014		No of students
For Monday to Friday:	16 students at one time x 4 classes per day x 260 days per year	16,640
For Saturday and Sunday	16 students at one time x 3 classes x 52 days per year*	2,496
Total		19,136

* Some of our centres close on Sunday. As at the Latest Practicable Date, these centres were Goodrich centre, Lung Mun centre, Melody Garden centre and Tai Po centre.

We then calculate the utilisation rate as follow:

Utilisation for Lung Mun centre for the year ended 31 March 2014

	Primary	Secondary 1 to Secondary 3	Secondary 4 to Secondary 6
Actual course enrolment for the period	469	331	700
Lesson(s) per month per course	<u>12</u>	<u>12</u>	<u>4</u>
Utilisation for the period	<u>5,628</u>	<u>3,972</u>	<u>2,800</u>

Therefore, utilisation for the period = 12,400

Utilisation rate for Lung Mun for the period = Utilisation of 12,400/Capacity of 19,136 = 65%

- (2) As the Goodrich centre is our Group's first tutorial centre and has been in operation for around 17 years, our Directors believe it may not be as attractive as our other tutorial centres due to its age, hence the utilisation rate for this centre was lower than our other tutorial centres.

- (3) As the Chestwood centre and the Tai Po centre are two of our larger tutorial centres (with the maximum capacity for such centres are also comparatively large) and given that small classes along with larger classes are hosted there, the utilisation rates for these centres were relatively lower than our other tutorial centres particularly our smaller tutorial centres and which host more smaller classes.
- (4) The utilisation rate for the Kingswood Richly Plaza centre decreased for the year ended 31 March 2016 as compared to for the year ended 31 March 2015 as we encouraged and arranged with certain students to receive our services in other centres in preparation for the expiry of the lease agreement for part of its premises in March 2016.
- (5) The capacity for the Grandeur Terrace centre decreased for the five months ended 31 August 2016 as compared to 31 March 2016 due to the expiry of the lease agreement for part of its premises in August 2016.
- (6) During the Track Record Period, we operated among others the Kau Yuk Road centre and the YOHO centre which have since been closed. The lease agreements for the YOHO centre and the Kau Yuk Road centre both expired in November 2015.
- (7) The capacity for the Kowloon City centre increased for the year ended 31 March 2016 as compared to for the year ended 31 March 2015 since it only commenced business in March 2015.
- (8) For the purposes of the above calculation, pupils for courses not offered on a monthly recurring basis and are seasonal in nature were excluded.

The highest utilisation rates of our centres were approximately 94%, 82%, 81% and 84% for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively and the lowest utilisation rates during the Track Record Period were approximately 20%, 13%, 4% and 10% over the same period respectively. During the Track Record Period, the unutilised capacity of our tutorial centres mainly due to the actual and maximum number of students per class are relatively low and therefore the difference in a few students may have a significant effect on the utilisation rate. Additionally, utilisation rates across tutorial centres may vary significantly due to location and size of centres, courses offered and subject and grade of student enrolled at each centre.

In addition, our Directors are of the view that less than full utilisation rate is consistent with our emphasis on managing the standard of quality of teaching in our classrooms by ensuring enough attention is paid to each student through smaller class sizes. Furthermore, given the length of the agreements over leased premises for our existing tutorial centres as at the Latest Practicable Date are generally two years to four years and as further detailed in the sub-paragraph headed “Identifying suitable locations and leasing”, we have the flexibility to reduce the area leased if considered necessary should certain tutorial centres be consistently under-utilised and/or the operational costs cannot be justified.

According to the Industry Report, there is no specific industry average or norm for utilisation rate, as utilisation rate may vary significantly due to many factors including but not limited to: size of tuition centre, operating location and seasonality.

Analysis of utilisation rates of our tutorial centres during the Track Record Period and business strategy to address

Besides the reasons for decreasing utilisation rate for specific tutorial centres noted above, the general decreasing trend in utilisation rates of our tutorial centres during the Track Record Period were mainly caused by the decreasing course enrolments for regular courses and summer courses (which was partially offset by increasing course enrolments for intensive courses) and decreasing average class size for regular courses in our secondary

tutoring services. The decrease in average class size is consistent with our preference for smaller class sizes to ensure sufficient attention is paid to each student. In our Directors' opinion, low utilisation rate is not the sole determinative factor in the continual operation of a tutorial centre as long as such centre is profit-making. None of the centres was loss-making during the Track Record Period except for the closed YOHO centre for the year ended 31 March 2016. Furthermore, despite the aforesaid trend, the operating margins for most of our tutorial centres were either stable or in an upward trend for the five months ended 31 August 2016 as compared to the similar period in 2015 (for further details, please refer to the sub-paragraph above headed "Performance of different tutorial centres" in this section).

In order to address such trend, our Directors will continue to evaluate different strategies for our tutorial centres in order to increase overall enrolments including but not limited to (i) introducing new courses and spending more efforts to attract more primary tutoring students as set out in the section headed "Future plans and use of proceeds — Future plans — Reasons for the Listing — Potential for growth" of this prospectus. Furthermore, our Directors will closely monitor the financial performance of individual centres and will take appropriate action when our Directors finds any of them to be negatively affecting the overall financial performance of our Group. Generally, if a tutorial centre becomes loss-making, our Directors will consider whether we have the ability to make it profitable again. One way to achieve this is to reduce the area leased if the tutorial centre is consistently under-utilised and/or the operating costs are too high. We will close any loss-making centres if our Directors believe it is in the best interest of our Group as a whole.

Our Directors believe that besides the above strategies, the general trend of our utilisation rates will improve after the effects of the significant increase in birth rates from 2003 to 2010 is reflected in the number of primary and secondary students in Hong Kong in the future (for details of such birth rate trends, please refer to the section headed "Industry overview — Overview of private tutoring services industry for secondary school students in Hong Kong" of this prospectus).

Identifying suitable locations and leasing

We consider that identifying and maintaining suitable locations of our tutorial centres is important to the success of our Group's business. A suitable location is characterised by, among other factors, (i) potential demand from customers (such as number of estates and residences in the proximity); (ii) accessibility by public transport; (iii) sufficient space for our operations and expansion; (iv) acceptable terms offered by landlord; and (v) safety for children (such as considering any report of criminal activity in the area). Our executive Directors are generally responsible for the site selection process, including the evaluation, inspection and approval of new location. If we are required to seek alternative location(s) upon the expiry of an existing lease, we generally select location(s) in the proximity for the convenience of our customers. On the other hand, when we seek location(s) for new centres, we generally seek to increase our market penetration in existing or new areas and hence maximise our revenue.

BUSINESS

Based on our Directors' experience, the renewal negotiation with the landlord usually commences six months prior to the expiry of the agreements over leased premises. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our Group did not experience any material difficulty in renewing such agreements.

Upon identifying a suitable location, we generally undergo the following steps:

Steps	Details
Negotiate terms of agreements over leased premises	Given that rental expenses comprises a significant percentage of our costs during the Track Record Period, we try to negotiate the best terms as possible for our Group. We would normally seek to negotiate for one to two months of rent-free period.
Renovation	We then seek to renovate the tutorial centre. Generally our tutorial centres are renovated according to a standard design which comprises classrooms, study areas and administrative facilities. Furthermore, our classrooms are generally equipped with a standardised set of equipment to assist tutors in delivering classes, including a visualiser, a video-recorder, a microphone and an amplifier.
Application for registration	<p>For the operation of a tutorial centre, we are required to obtain certain certificates including the Certificate of Registration of a School issued by the EDB, Certificate issued by the Fire Services Department, Certificate issued by the Building Department and Certificate of Accommodation issued by the EDB. In our experience, this process generally takes approximately 10 to 15 weeks from the completion of the renovation of a tutorial centre to complete.</p> <p>Our tutors will consider whether to apply for additional licences for use of copyright works of such authority in course materials to cover such tutorial centres. Our administration department is responsible for the application of licenses with the HKEAA.</p>
Ensure sufficient staffing and maintain high quality of teaching	Finally our human resources staff relocates staff and tutors from existing centres and/or recruit and trains new staff and tutors in preparation of the launch of a new tutorial centre or the expansion of an existing tutorial centre. In either case, our chief tutor (currently, Mr. Cheung Luk Sun, a member of our senior management and whose background is set out in the section headed "Directors and senior management" of this prospectus) will monitor such tutorial centres to ensure the quality of teaching is consistently high across our tutorial centres.

In relation to the properties where our existing tutorial centres are located, we have entered into agreements over leased premises ranging from two year to four years as at the Latest Practicable Date. For details concerning the risk that we may be subject to increases in rental expenses and we may not be able to renew such agreements or enter into new agreements on the same terms particularly for agreements with shorter periods, please refer to the section headed “Risk factors — Our profitability could be adversely affected by increase in rental expenses and failure to renew existing agreements over leased premises or find premises may affect our business operations and financial conditions” of this prospectus.

Going forward, our Group will continue its strategy of setting up and operating our tutorial centres on leased premises. Based on our Directors’ experience, we believe such arrangements are appropriate and commercially reasonable so that our Group could focus its capital resources on its core business in operating tutorial centres and not to tie up its funds for constructing self-owned premises and maintain flexibility to quickly address changes in customer demands. In our Directors’ experience, based on our customers’ demands, the general trends and the operational efficiency and resource allocation of particular tutorial centres, the areas leased by individual tutorial centres may need to be expanded or reduced from time to time. Accordingly, we may have multiple agreements for leasing of premises for specific tutorial centres and such leased premises may be adjacent or merely in the proximity of each other such as being in the same building. We may also relocate all or part of an existing tutorial centre to another smaller or larger location as required, usually in the vicinity for ease of our customers. The lease agreement for the Grandeur Terrace centre will expire on 1 December 2016. We do not intend to renew the lease agreement for the said centre, given that we intend to replace this centre with our new Tin Chak centre, which is expected to commence business on around 25 November 2016.

CUSTOMERS

Considering that our services were paid for by students or their parents, they are both regarded as our Group’s customers. Due to the nature of our business, we did not have a single customer who account for more than 5% of our revenue for each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016. To the best of the knowledge, information and belief of our Directors, our students were generally local students and not cross-border students and thus the cross-border trend did not materially impact our enrolment numbers.

For our market strategies and student recruitment ability, please refer to the paragraph headed “Market and student recruitment” in this section.

SUPPLIERS

Due to the nature of our business, the landlords of our leased properties are our largest suppliers with our rental expenses amounting to approximately 17.4%, 19.6%, 20.3% and 23.2% of our total revenue for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively.

BUSINESS

For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, rental expenses paid to our five largest landlords in aggregate accounted for approximately 62.8%, 60.4%, 59.2% and 65.7% of our total rental expenses respectively and rental expenses paid to our largest landlord accounted for approximately 24.0%, 21.8%, 21.1% and 27.7% of our total rental expenses respectively. Rental is generally payable in advance on the first day of each month under the agreements with our top five landlords. Despite the length of our agreements for leased premises is generally two to four years, we have a business relationship with a majority of our top five landlords during the Track Record Period of over four years.

Our total rental expenses was on an upward trend during the Track Record Period and amounted to approximately HK\$6.3 million, HK\$7.1 million, HK\$7.8 million and HK\$3.2 million for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively.

None of our Directors, their respective associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of our issued capital, has any interest in any of our five largest suppliers during the Track Record Period and up to the Latest Practicable Date.

Due to the nature of our business model, we did not maintain any inventories during the Track Record Period.

QUALITY ASSURANCE

We are committed to achieving high quality teaching standards across our different tutorial centres and believe it is one of the key attractions for our students. Therefore, we maintained our service quality through a number of measures.

Measures**Details****Direct supervision of
tutors and students****At individual tutorial centres**

Mr. Cheung, our executive Director and Mr. Cheung Luk Sun, a member of our senior management, are also tutors at our tutorial centres. Given their responsibilities not only in senior management but also on a more direct supervision in teaching and monitoring the quality at our tutorial centres, we are able respond more quickly and effectively to matters that impact our service quality.

We also assign centre supervisors in each of our tutorial centres to supervise and monitor the operation including tutors' attendance record and their performance and their teaching quality based on observation of their classes particularly the apparent knowledge of the subject taught by him/her as well as their presentation and communication skills. These centre supervisors will on a monthly basis provide our senior management with an assessment of each tutor as detailed above along with any feedback from the students. Based on the report, our senior management may require the tutors to attend training to improve the quality of their teaching.

In classes

We use our best effort to increase the quality of our classes by having relatively smaller classes where possible to allow for tutors to cater better to the needs of individual students both in class. We also emphasise our teachers should rely more on live teaching instead of relying heavily on video teaching to increase student engagement and provide an interactive experience which our Directors believe is key to effective learning and their satisfaction with our courses.

Stringent hiring process We aim to hire tutors with sufficient experience and qualifications. We expect our tutors to have a strong command of their respective subject areas and who are open to innovative teaching methods and care about the development of his/her students.

Therefore, our hiring process is stringent and it first requires that they provide us with their background including education, qualifications, employment history, criminal records (if any) and other relevant information. Then, we arrange for one or more interviews between the candidates and our human resource department and/or senior management to better understand the candidates' personality, presentation skills and discussion of their background to see if they will be suitable. The candidates will also need to pass our written test. Our human resources staff is also responsible for verifying their background by (i) checking original documents and keeping record of and endorsing photocopies of such documents; and (ii) liaising with or asking the applicant to provide confirmations from relevant authorities to deal with ambiguities in relevant background such as an assessment by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications in relation to non-local qualifications. The above process and verification helps us ensure our tutors meet the minimum requirements set out in the Education (Exemption) Order as detailed in the section headed "Regulatory overview — Education (Exemption) Order — Employment of teachers" of this prospectus.

Staff training To ensure our tutors understand the teaching standards and appropriate conduct expected from us, we provide them with an employee manual setting out guidelines on proper conduct and behavior. If any of our tutors violates such guidelines and subject to the circumstances and seriousness of the violation, we may provide them with warning or in serious cases and as set out in our employment contracts with them require them to compensate us for any losses and may further result in termination of their employment.

In addition, we arrange for regular training for our tutors at least once every quarter mostly in relation to how to improve their presentation and communication skills, teaching techniques and class management. We also arrange monthly meetings between tutors to share their experience and exchange tips on teaching as well as discuss recent issues in their respective courses. In addition, we encourage our tutors to attend the HKDSEE so they are familiarised with current examination conditions and questions.

**Handling customer
feedback and
complaints**

Complaints are typically received by our customer service staff, who, having reviewed the nature of the complaint, will handle the complaint by themselves or in case of serious complaints will transfer such issue to the relevant centre supervisors. The complainant will then be contacted so that further information can be gathered.

Our customer service staff or the centre supervisor will consider the validity of the complaint and try to suggest solutions. If the case is still not resolved, such complaints will be reported to our Directors. During the Track Record Period in around late 2014, we have established a system to record customer feedback and complaints and begun keeping a consolidated log of complaints and feedback which is gathered and managed by our centre supervisors and passed to one of our operations administration staff for consolidation. Previously, each centre was responsible for recording the feedback and complaints and other notes for follow-up concerning each student with the student file. The abovementioned process for handling complaints was unchanged from before and after we begun keeping a consolidated log.

BUSINESS

During the Track Record Period, we had received the following complaints from our customers that were brought to the Consumer Council, details of which are summarised in the following table:

Date	Details of Complaints	Status
7 November 2014	Parent's complaint through the Consumer Council disputing the necessary time frame and withdrawal method (by oral notification instead of written notification) from our tutoring service by a student and further seeking refund of HK\$520 paid	Resolved — contacted complainant and discussed terms of enrolment previously agreed. No further follow-up action by complainant according to internal records.
11 February 2015	Parent's complaint through Consumer Council disputing the invoice for HK\$1,040 tutoring services previously withdrawn orally instead through written notification and further noting that our employee seemed to accept such termination over the phone	Resolved — Company agreed not to pursue fee in relation to withdrawn tutoring service in the circumstance

During the Track Record Period and up to the Latest Practicable Date, we also had three other minor complaints which were brought by customers to our staff in person or by phone. According to our Company's internal records, such complaints mainly related to disagreement in tuition fee amount and timing and method for withdrawing from our tutoring services.

Taking into account the nature of the complaints, circumstances leading to them and the current status, our Directors confirm that we did not experience any major complaints from relevant government authorities, the Consumer Council or our customers with respect to our tutoring services during the Track Record Period and up to the Latest Practicable Date.

**Tutor performance
review**

An appraisal will be performed in the first month when the tutor is hired to confirm the suitability of the tutor. After the initial appraisal, we regularly evaluate the performance of our tutors based on several criteria, including the number of students enrolled in their courses, the improvement of average grade of students in mock exams and if available, their normal school exams and feedback obtained from students and parents. Our senior management will also perform visit to classes from time to time and observe the performance of tutors. After the visit, they will provide the tutors with the reviews on the tutors' performance and their suggestions.

Given that contracts with our tutors are generally for a period of one year to three years, we have the flexibility to assess the performance of different tutors over a number of years and afterwards, retain and incentivise our most capable tutors with better terms or not renewing our relationship with less capable tutors as determined by us.

**Course materials
updating**

In order to keep the course materials up to date, our tutors will discuss with our senior management regarding the course outline and the content of teaching materials. Our tutors are responsible for updating our course materials from time to time and the subject leader will generally review them annually to see whether they may be improved by coverage of additional materials in the topic area. Relying on their experience on the most common student problems, they may also improve the presentation style or layout to enhance the accessibility of the materials for students. After such update, we require them to be approved by a member of our internal control team.

Given that the quality of the course materials are primarily ensured by the corresponding course leaders, the responsibility of our internal control team is mainly to ensure the compliance with our internal guidelines and relevant laws and regulations. Our internal control team may meet as necessary to consider (i) investigation of suspected cases of non-compliance with the internal guidelines and to obtain each other's views; and (ii) updating the internal guidelines. Therefore, in practice, only the approval of one member of the internal control team, who is responsible obtain sufficient supporting evidence and information to his/her satisfaction for checking the course materials complied with our relevant guidelines, is considered necessary, instead of approval by the entire internal control team in every case.

Our internal control team currently comprises of three members including our executive Director, Ms. Chan Hoi Ying Karina, our non-executive Director, Mr. Tsang Hin Man Terence, and our company secretary, Mr. Tsang Hiu San (for their experience and qualifications, please refer to the section headed “Directors and senior management” of this prospectus). In particular, our executive Director, Ms. Chan Hoi Ying Karina has experience in the education industry and tutoring industry, management skills since joining our Group in April 2012, and is familiar with our operations (including our internal guidelines and course materials development). Mr. Tsang Hin Man Terence, our non-executive Director, is a practicing solicitor in Hong Kong and his legal experience will help particularly with regards to compliance with applicable Hong Kong laws. Mr. Tsang Hiu San, our company secretary, after joining us since October 2014, has gained considerable experience in the tutoring industry. Mr. Tsang Hiu San is responsible for, among others, the internal control matters of our Group and is also familiar with our operations. Given the above, the familiarisation of Ms. Chan Hoi Ying Karina, Mr. Tsang Hin Man Terence and Mr. Tsang Hiu San with the guidelines as well as the laws and regulations relevant to our business, and considering the balance of skills, experience and diversity of perspectives provided by each of such team members including their experience and/or qualifications from the education industry, tutoring industry and legal industry and the ability of the internal control team to seek advice from external legal advisers where considered necessary, our Directors believe that our current internal control team members are qualified to review such course materials.

Additionally, they may from time to time refer to past papers, the copyright of which is owned by the HKEAA. In order to ensure compliance with the Copyrights Ordinance, we also require our tutors to comply with our guideline on the use of past papers in the preparation of course materials and course materials are generally approved by a member of our internal control team (for further details of this guidelines, please refer to the paragraph headed “Employees, management and tutors — Our tutors — Teaching method and course materials” of this section).

WORKPLACE SAFETY MEASURES, SECURITY, SOCIAL RESPONSIBILITIES AND ENVIRONMENTAL PROTECTION

We maintain health and safety measures at our tutorial centres for our students and tutors. These measures include installing CCTV in our centres and back office; properly locking the doors after our opening/office hours; limiting the access of people into our premises other than staff and students unless authorisation is granted; specifying that students should bring their own access card when they come to attend classes and check in and out of classroom using the access card.

During the Track Record Period and up to the Latest Practicable Date, there were no material accidents in the course of our business operation which gave rise to any claims and compensation paid to our employees.

We have also put in place various measures in connection with waste reduction control and was awarded in 2015 with the Excellence Wastewi\$e Certificate granted by the Environmental Campaign Committee in Hong Kong (certificate expires in 30 September 2016). We were also recognised as a “Caring Company” by The Hong Kong Council of Social Service for the years of 2014–2016 (certificate expires on 28 February 2017). We believe that the nature of our business does not impose any serious threats to social responsibility and environmental protection matters and therefore do not have any other specific policies in such areas.

LITIGATION

As at the Latest Practicable Date, there were no litigation or arbitration or administrative proceedings pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group’s financial condition or results of operations. We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business.

REGULATORY COMPLIANCE

We are used to purchasing licence from HKEAA for the use of question papers. Pursuant to the Licence Terms and Conditions for HKCEE/HKALE Question Papers and HKDSE Question Papers, Sample Papers and Practice Papers, the total content of a Licensed Work copied within the period specified in the licence certificate issued by HKEAA to the licensee must not exceed 25% of the total number of questions of that Licensed Work. Prior to the Track Record Period and during the three academic years from 2009 to 2012, due to the inadvertent oversight of some of our tutors, we had used the question papers of HKCEE Physics and Principles of Accounts in excess of 25% of the total number of questions of the relevant subjects. We had reported the incident (the “**Incident**”) to the HKEAA and paid a fine of HK\$108,100 in May 2013, which was confirmed by HKEAA as full and final settlement for the Incident. We have set up the internal control team to review and approve the course materials prepared by our tutors to prevent the re-occurrence of the Incident. For further details, please refer to the paragraph headed “Employees, management and tutors — Our tutors — Teaching method and course materials” in this section.

The Incident constitutes a non-compliance under the Copyright Ordinance. As advised by our Legal Counsel, HKEAA, as the copyright owner, would not pursue the matter and hence prosecution for the Incident is highly unlikely. Furthermore, any prosecution under the Copyright Ordinance should have been time-barred pursuant to section 120A of the Copyright Ordinance.

No provision

No provision was made in the financial statements of our Group in respect of the aforementioned non-compliance based on the following: (i) up to the Latest Practicable Date, our Directors were not aware of any prosecution instituted against us or any notices for any fine or penalties in relation to the above non-compliance; and (ii) the advice of our Legal Counsel that prosecution under the Copyright Ordinance is time barred.

Directors' and the Sponsor's views on internal control measures

Having considered that reasons were inadvertent over-sight of certain tutoring staff in their use in accordance with the licence, the views and findings of the Internal Control Adviser and the adoption of the guidelines after such incidents as detailed in the paragraph headed "Employees, management and tutors — Our tutors — Teaching method and course materials" in this section, our Directors are of the view, and the Sponsor concurs, that the various internal control measures adopted by our Group are adequate and effective.

Taking into account (i) the aforesaid non-compliances mainly involved excessive use of the Licensed Work due to inadvertent over-sight; (ii) the aforesaid non-compliances did not involve intentional misconduct, fraud, dishonesty or corruption on the part of our Directors; and (iii) our Directors voluntarily reported to HKEAA and settled with the HKEAA when the issues were identified, our Directors are of the view, and the Sponsor concurs, that these non-compliances do not reflect a material defect in the character, integrity or experience of our Directors. Therefore, our Directors are therefore of the view, and the Sponsor concurs, that our Directors are suitable to act as our Directors under Rules 5.01 and 5.02 of the GEM Listing Rules. Finally, given the rectification status of the non-compliances identified as well as that the prosecution under the Copyright Ordinance should have been time-barred, our Directors are of the view, and the Sponsor concurs, that non-compliances identified do not materially affect our suitability for listing under Rule 11.06 of the GEM Listing Rules.

Our Directors confirm that our Group had complied with all applicable laws and regulations in Hong Kong in all material respects during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain insurance cover for potential losses of or damages to our leased premises and certain assets therein including third party liability insurance on such premises. We also have employees' compensation insurance and motor insurance. Our third party liability

BUSINESS

insurance, subject to its terms and conditions, covers our legal liability for, among others, accidents causing bodily injury to a person or damage to property in connection with our business on such premises up to the sum of HK\$10 million per occurrence.

Our Directors believe that our current insurance coverage is sufficient for our business operation and is consistent with the industry norm in Hong Kong. Our Directors confirm that our Group was not subject to nor received any insurance claims during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

Leased properties

As at the Latest Practicable Date, we did not own any property and we entered into 17 lease agreements for the properties for our tutorial centres in Hong Kong, details of which are set out below.

Tutorial centre	Relevant leased premise(s) ^{Notes 1 & 2}	Aggregate saleable area <i>Sq. ft.</i>	Approx. duration of agreements ^{Note 3}
Tuen Mun			
Goodrich centre	Shop B10, 1/F, Goodrich Garden Shopping Arcade, No. 9 Leung Tak Street, Tuen Mun, New Territories, Hong Kong ("C", continuing connected transaction)	579	2 years 3 months (1 Jan 2016– 31 Mar 2018)
	Shop B96B, 1/F, Goodrich Garden Shopping Arcade, No. 9 Leung Tak Street, Tuen Mun, New Territories, Hong Kong ("C", continuing connected transaction)		2 years 3 months (1 Jan 2016– 31 Mar 2018)
Lung Mun centre	Shop 110 & 111 of Lung Mun Oasis, No. 43 Lung Mun Road, Tuen Mun, New Territories	262	3 years (1 March 2014– 28 Feb 2017) <i>(Note 4)</i>
Yau Oi centre	Shop Nos. S-302 and S-305, Level 3, Oi Yung House, Yau Oi Estate, Yau Oi Road, Tuen Mun, New Territories, Hong Kong	1,248	3 years (1 Mar 2016– 28 Feb 2019)
Melody Garden centre	Shop 65, G/F, Melody Garden Shopping Arcade, Tuen Mun, New Territories, Hong Kong	584	4 years (16 Nov 2014– 15 Nov 2018)
Kin Sang centre	Shop No. 203, Kin Sang Commercial Centre, Kin Sang Estate, Tuen Mun, New Territories, Hong Kong	1,607	2 years 4 months (4 Jul 2015– 3 Nov 2017)

BUSINESS

Tutorial centre	Relevant leased premise(s) <i>Notes 1 & 2</i>	Aggregate saleable area <i>Sq. ft.</i>	Approx. duration of agreements <i>Note 3</i>
Parklane Square centre	Unit 221, 2/F of Tuen Mun Parklane Square, 2 Tuen Hi Road, Tuen Mun, Hong Kong	1,267	2 years 6 months (1 Feb 2015– 31 Jul 2017)
	Unit 225, 2/F of Tuen Mun Parklane Square, 2 Tuen Hi Road, Tuen Mun, Hong Kong		3 years (1 Feb 2015– 31 Jan 2018)
	Unit 315, 3/F of Tuen Mun Parklane Square, 2 Tuen Hi Road, Tuen Mun, Hong Kong		2 years (1 Jul 2015– 30 Jun 2017)
Yuen Long			
Chestwood centre	Shop 5, G/F, Chestwood Court Shopping Centre, No. 8 Tin Shui Road, Tin Shui Wai, New Territories, Hong Kong	1,113	4 years (22 May 2013– 21 May 2017)
Kingswood Richly Plaza centre	Shop B11, 1/F, Kingswood Richly Plaza, 1 Tin Wu Road, Tin Shui Wai, Yuen Long, New Territories, Hong Kong	636	3 years (1 Apr 2016– 31 Mar 2018)
Fortune Kingswood centre	Shop No. 201B on the Second Floor of Phase 2 of Fortune Kingswood, 12–18 Tin Yan Road, Tin Shui Wai, Yuen Long, New Territories, Hong Kong	873	2 years (1 Apr 2015– 31 Mar 2017) <i>(Note 4)</i>
Grandeur Terrace centre	Shop No. L08 outside the Commercial/Carpark Block, Grandeur Terrace, No. 88 Tin Shui Road, Yuen Long, New Territories, Hong Kong	403	3 years 4 months <i>(Note 5)</i> (2 Aug 2013– 1 Dec 2016)
Yuen Long centre	Shop C, G/F, Wing Tai Building, 6–10 On Hing Street, Yuen Long, New Territories, Hong Kong	789	4 years (1 Aug 2015 to 31 Jul 2019)
Tin Chak centre	Shop No. 305A, Third Floor, Commercial Block (also known as Tin Chak Shopping Centre), Tin Chak Estate, Nos. 71, 73, 75 and 77 Tin Shui Road, Tin Shui Wai, New Territories, Hong Kong	1,425	3 years (20 Jun 2016 to 19 Jun 2019)
Others			
Kowloon City centre	Shop No. A027, G/F, Ching Long Shopping Centre, Hong Ching House, Kai Ching Estate, Hong Kong	442	3 years (1 Dec 2014– 30 Nov 2017)
Tai Po centre	Shop Nos. 304 & 305, Third Floor, Block 2 Oi Wo House, Tai Wo Estate, No. 12 Tai Po Tai Wo Road, Tai Po, New Territories, Hong Kong	1,350	3 years (20 Jul 2015– 19 Jul 2018)

Notes:

- (1) There are situations where multiple agreements over leased premises are entered into in regards to a particular tutorial centre as detailed in the sub-paragraph headed “Identifying suitable locations and leasing” below of this section.
- (2) Those marked with (“C”) are continuing connected transactions set out in the section headed “Connected transactions” of this prospectus.
- (3) Only agreements over leased premises existing as at the Latest Practicable Date are disclosed in the above table. The above table does not include the area for the lease agreements including but not limited to our YOHO centre and Kau Yuk Road centre which existed during the Track Record Period but expired in November 2015 and was not renewed.
- (4) We are in preliminary discussions with the landlords (or their agents) for the renewal of the lease agreements for the Lung Mun centre and Fortune Kingswood centre and they have confirmed an intention to renew such leases subject to agreement on the terms. Given that we have more than three months until their expiry, we are still in negotiations and have not yet finalised the terms of the renewal as at the Latest Practicable Date.
- (5) The duration of this agreement has been extended for another four months to 1 December 2016 after its expiry date on 1 August 2016.

Under the terms of our agreements governing the leased premises as at the Latest Practicable Date, the rental was generally fixed except in relation to the rental for four agreements which was subject to a fixed monthly rent (being the base rent) and an additional amount (being the difference between the Turnover Rent and the base rent) if the Turnover Rent is higher than the base rent for a particular month. Turnover rent is equal to gross receipts generated on the relevant leased premises in a particular month multiplied by a prescribed percentage in the agreement.

During the Track Record Period, the prescribed percentage for the turnover rent, which our Group was subject was 12%. During the Track Record Period, the rental expenses incurred by our Group mainly represented fixed monthly rent. For details of our total rental expenses during the Track Record Period, please refer to the paragraph headed “Suppliers” in this section.


As at 31 August 2016, no single property interest forming part of our Group’s non-property activities had a carrying amount of 15% or more of our total assets. Thus, this prospectus is exempted from compliance with the requirements of Rules 8.01A and 8.01B of the GEM Listing Rules and the requirements of section 342(1) of the CWUMPO in relation to paragraph 34(2) of the Third Schedule to the CWUMPO, with respect to the inclusion of a property valuation report in this prospectus. Our Directors confirm that none of our property interests is individually material to our Group in terms of rental expenses.

INTELLECTUAL PROPERTIES

Domain name

We are the registrant of the domain name **www.goldwayedugp.com**.

Trade marks

As at the Latest Practicable Date, our trademark, “” had been registered in Hong Kong. Please refer to the section headed “Statutory and general information — B. Further information about the business of our Group — 2. Intellectual property rights” in Appendix IV to this prospectus for further details.

Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, we were not involved in any proceedings in respect of, nor had we received notice of any claim for, the infringement of any intellectual property rights, and we had not been charged with any breach of the relevant laws or regulations relating to our services that had any material adverse impact on our business and results of operations.

MATERIAL LICENSES AND CERTIFICATES

As confirmed by our Directors, our Group has obtained all material licences, certificates and approvals required for carrying on its business activities during the Track Record Period and up to the Latest Practicable Date.

The following are the certificates obtained in relation to the operation of each of our existing tutorial centres:

- Certificate issued by the Fire Services Department;
- Certificate issued by the Buildings Department;
- Certificate of Registration of a School issued by the EDB; and
- Certificate of Accommodation issued by the EDB.

Note: Our certificates do not have expiry dates and remain valid until revoked by the relevant government authorities in Hong Kong.

BUSINESS

EMPLOYEES, MANAGEMENT AND TUTORS

All of our employees are based in Hong Kong. As at 31 March 2014, 2015 and 2016, 31 August 2016 and the Latest Practicable Date, we had a total of 65, 61, 65, 62 and 65 employees respectively.

The following table sets out a breakdown of our employees by function as at 31 March 2014, 2015 and 2016 and 31 August 2016 and the Latest Practicable Date:

Function	As at 31 March		2016	As at	As at the
	2014	2015		31 August 2016	Latest Practicable Date
Tutors	42	42	41	39	40
Operations administration and information technology	12	9	12	11	12
Finance, accounting and human resources	4	4	4	4	4
Customer service and marketing	7	6	8	8	9
Total:	<u>65</u>	<u>61</u>	<u>65</u>	<u>62</u>	<u>65</u>

For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, our staff related costs (which included salaries, wages and other staff benefits, contributions to retirement schemes) were approximately HK\$14.1 million, HK\$13.0 million, HK\$13.6 million and HK\$5.9 million respectively, representing approximately 59.2%, 54.9%, 54.2% and 55.6% of our total cost of service respectively.

Relationship with staff

We try to ensure good employer-employee relationships and have our human resources staff promptly handle and address employee complaints and issues. For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, the number of staff departures (including tutors and other staff) was 31, 23, 21 and 19, respectively, whereas our average staff turnover rates for the year/period (including tutors and other staff) were approximately 45%, 36%, 33% and 30% respectively. The main reasons or circumstances for our staff departures include personal reasons or health reasons of the relevant staff, as well as the non-renewal upon expiry of the employment contracts.

As disclosed under the sub-paragraph headed “Our tutors” below in this section, our average tutor turnover rates for the year/period were approximately 36%, 36%, 36% and 32% for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively. On the other hand, our average turnover rates of non-tutor staff for the year/period were approximately 59%, 38%, 28% and 25% for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively. The non-tutor staff who departed our Company during the Track Record Period were mainly customer service staff and administrative staff.

BUSINESS

Our Directors confirm that (i) we do not have any major dispute during the Track Record Period and up to the Latest Practicable Date and generally we maintain a good working relationship with our employees; and (ii) had not experienced any material labour shortages.

Despite the level of the staff turnover rates during the Track Record Period, there was no material disruption in our continuous operations for the following reasons:

- (i) our remaining staff were able to handle the work of the departing staff in general and the hiring of replacement staff was therefore not needed for every case of departure; and
- (ii) during the Track Record Period, we did not have material difficulty in hiring replacement staff (including tutors) and our total staff numbers were relatively stable at the end of each relevant year. Our human resources department generally prepared for the hiring of replacement prior to the departure of the staff and during the Track Record Period, the latest period for hiring a replacement staff was approximately five months after the departure of the relevant staff.

Although the we did not encounter material disruptions in our business due to staff departure during the Track Record Period, our business is subject to risks of staff recruitment and staff retention, as disclosed in the section headed “Risk factors — If we fail to recruit and retain capable staff particularly tutors, we may be unable to maintain consistent efficiency in our operations and teaching quality and our brand, reputation, operations and expansion plans may be materially and adversely affected” of this prospectus.

Our tutors

Classification of tutors and specialisations

As at the Latest Practicable Date, we had 65 employees with 40 being tutors. Some of our tutors are specially assigned to either our secondary tutoring services or primary tutoring services but certain others may provide both services. The number of tutors as at 31 March 2014, 2015 and 2016 and 31 August 2016 and the Latest Practicable Date according to which type of tutoring services is set out below:

	As at 31 March			As at	As at the
	2014	2015	2016	31 August 2016	Latest Practicable Date
Secondary tutoring services only	22	22	21	19	19
Primary tutoring services only	11	10	10	8	9
Both services	<u>9</u>	<u>10</u>	<u>10</u>	<u>12</u>	<u>12</u>
Total	<u>42</u>	<u>42</u>	<u>41</u>	<u>39</u>	<u>40</u>

Our tutors are generally focused on teaching specific subject area(s) for secondary tutoring services. Given the relatively simpler material for each subject in primary tutoring services, our tutors for such services can generally teach all or most of the subjects. We require our tutors to travel to our various tutorial centres during the week as and when required and therefore they are not generally allocated to specific tutorial centres only.

Procedures

Our hiring process for new tutor(s) usually lasts around two months after our human resources department identifies a need. Such needs could be due to events such as opening new tutorial centre, introducing a new course, increasing enrolments substantially, or long term unavailability of a tutor due to illness.

To protect our brand and ensure the high quality of teaching across our tutorial centres, we have a stringent hiring procedure as detailed in the paragraph headed “Quality assurance” of this section.

Once we identify a suitable candidate, we generally negotiate the employment terms in accordance with the standard terms as summarised in the sub-paragraph headed “Service agreements with our tutors” in this section below. We will also inform the EDB within one month of employment of our tutors as required under the Education (Exemption) Order.

We had a relatively stable core group of tutors who had been with us for over three years during the Track Record Period. As at 31 March 2014, 2015 and 2016 and 31 August 2016, 16 out of 42 tutors (approximately 38%), 18 out of 42 tutors (approximately 43%), 22 out of 41 tutors (approximately 54%) and 20 out of 39 (approximately 51%) had been with us for over 3 years respectively. As at the Latest Practicable Date, we had 20 out of 40 tutors (50%) who have been with us for over 3 years.

BUSINESS

Our average tutor turnover rates were approximately 36%, 36%, 36% and 32% for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 respectively. A majority of such departing tutors during the Track Record Period and up to the Latest Practicable Date were newer tutors who had been with our Group for a period of 1.5 years or less. The main reasons or circumstances for such tutor departures were personal reasons, health reasons and non-renewal upon the end of service contract between us and the tutor and all of such departures were voluntary and none related to dismissal by us. Our tutor numbers have shown some fluctuations during the year but as we can usually hire replacing tutor(s) without difficulties, numbers of tutors at the end of the financial years, have been relatively stable through the Track Record Period. Set out below is the movement in the number of our tutors during the Track Record Period:

	Years ended 31 March			Five months ended
	2014	2015	2016	31 August 2016
Number of tutors at the start of the period	42	42	42	41
Number of new tutors	15	15	14	11
Number of tutors who left during the period (<i>Note</i>)	15	15	15	13
Number of tutors at the end of the period	42	42	41	39

Note: Most of the departing tutors during the Track Record Period taught courses for primary students only or primary students and secondary students (Secondary 1 to 3) which involved one or more subjects and they did not focus exclusively on courses for any major subjects. For the years ended 31 March 2014, 2015 and 2016 and five months ended 31 August 2016, 2, 5, 5 and 4 departing tutors respectively taught courses for secondary students (Secondary 4 to 6) with focus on major subjects such as English, Biology, Mathematics, Liberal Studies, Chinese and Economics.

Our Directors believe that as a listed company, our Company will be able to more effectively retain our existing staff including tutors and attract additional talent for expansion given such staff might feel more stable and secure by joining a listed company than a private company (for this and other reasons for the Listing, please refer to the section headed “Future plans and use of proceeds — Future plans — Reasons for the Listing” of this prospectus.)

Qualification of our tutors

According to the Education (Exemption) Order, Exempted Schools are exempted from application to employ permitted teachers provided that relevant conditions as set out in the section headed “Regulatory overview — Education (Exemption) Order” of this prospectus are fulfilled. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, (i) our tutorial centres are all considered Exempted Schools as they satisfy the relevant conditions under the Education (Exemption) Order; and (ii) all of our tutors possessed the relevant qualifications to be deemed a Qualified Tutors for purposes of the Education (Exemption) Order.

As detailed in the paragraph headed “Quality assurance” in this section, as part of maintaining the standard of quality in our tutorial centres, our tutors generally undergo continuous development through staff training and performance review.

Service agreements with our tutors

We generally enter into a standard terms of employment with our tutors and negotiate with them based on their experience, qualification and where applicable, performance with us so far. The main terms of this standard terms (with further other details of our relationship with tutors) are summarised below:

Terms	<p>The length of the contract with our tutors generally ranges from one year to three years.</p> <p>If we wish to keep our relationship with the tutor, our general practice is to negotiate with the relevant tutor within six months prior to expiry of his/her existing contract.</p>
Remuneration	<p>Generally, our tutor’s remuneration is fixed and in the form of a monthly basic salary. The amount of remuneration varies between tutors according to factors such as experience, qualification, education background and performance in previous the tutor evaluations of each tutor. Given that we may renegotiate the terms of our tutors upon the renewal of their contracts, we may adjust the amount of fixed remuneration. Otherwise, we may offer a performance linked bonus at our discretion instead of having a defined bonus scheme to our tutors. During the Track Record Period, we did not pay any discretionary bonus to our tutors.</p> <p>During the Track Record Period, the monthly basic salary of our tutors ranged from approximately HK\$8,600 to HK\$33,000, with a monthly average basic salary of approximately HK\$16,000, HK\$17,000, HK\$17,500 and HK\$16,899 for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, respectively.</p>
Termination	<p>Generally, we provide for a prior notice for either the tutor or us for termination. However, the termination clause also allows us to terminate his/her employment on misconduct such as engagement of illegal activity, non-compliance with Copyright Ordinance, and continuous violation of rules and regulations set out in our employee manual.</p>

Upon receiving a notice of resignation from our tutors, our general practice is to immediately begin seeking a suitable replacement.

**Non-solicitation and
non-competition
clause**

Our standard form also generally includes a non-solicitation and non-competition clause which prevents the tutor from (i) soliciting or attempting to solicit any business from any of our students or customers with whom the tutor had contacted during the course of his/her employment with us for a certain period after termination of employment (being one year as at the Latest Practicable Date); and (ii) unless with the prior written consent of our Company, directly or indirectly engage in business with competition of our Group's business within our proximity (generally being one to three kilometer radius) during the course of employment with us and for one year after termination of employment.

As advised by Ms. Rebecca M.K. Lee, a barrister-at-law, such non-solicitation and non-compete clause in our contracts with our tutors should be enforceable. During the Track Record Period and up to the Latest Practicable Date, our Directors were not aware of any breach by its former tutors of the terms of the relevant non-solicitation and non-competition clause and therefore had not sought enforcement actions under said clause. Our Directors confirm that they were not aware of any material impediments to enforcing such clauses in practice.

Teaching method and course materials

We provide our tutors significant discretion to employ their own teaching techniques and use their customised teaching notes and materials which they are comfortable teaching with given that we have already vetted our tutors during their appointment process and also because they undergo regular training and performance review (for further details, please refer to the paragraph headed "Quality assurance" of this section.)

During the Track Record Period, the content and presentation in course materials are generally designed by our tutors who are knowledgeable about the relevant subject matter and approved by a member of our internal control team. We also rely on our tutors to oversee the distribution and usage of such course materials. These course materials generally contain questions, study notes and mock exam papers. Where appropriate, our tutors may also include previous questions and mocks exam papers of the Hong Kong Certificate of Education Examination, Hong Kong Advanced Level Examination and Hong Kong Diploma of Secondary Education Examination whose copyright owner is the HKEAA. Accordingly, when our tutors determine that such copyrighted materials should be included in the course materials, they will report to a member of the internal control team for approval. Our administration department will maintain a list of the licences to be purchased from the HKEAA. After approval, we will apply for license of the use of such copyrighted materials. The salient terms of the copyright licence granted by HKEAA are as follows:

1. Subject to the licensee's payment of the licence fees and compliance of the terms and conditions of the copyright licence, HKEAA grants to the licensee a non-exclusive, personal and non-transferable licence to do the following acts, within the period specified in the licence certificate issued by HKEAA to the licensee and within the licensee's premises:
 - (a) show the Licensed Work on a projector screen for classroom demonstration and instruction purposes;
 - (b) make and store no more than reasonable copies of the Licensed Work necessary for instruction or examination purpose in the licensee's intranet system or in standalone personal computers solely for the purpose of facilitating access by teachers of the licensee; and
 - (c) make copies of the Licensed Work for distribution to students for instruction purposes or for setting questions for internal examinations, provided that:
 - (i) the number of copies must not exceed one copy per student; and
 - (ii) the total content of a Licensed Work copied within the period specified in the licence certificate issued by HKEAA to the licensee must not exceed 25% of the total number of questions (including long, short or multiple choice questions) of that Licensed Work (rounded up to allow one complete question to be copied).
2. Any copying of the Licensed Work permitted under the copyright licence must be done by or on behalf of a teacher or teachers (working together as a group) of the licensee.
3. Every copy of the Licensed Work made under the copyright licence must bear a conspicuous acknowledgment of HKEAA as the copyright owner in the form of "Licensed by copyright owner: HKEAA".

4. HKEAA retains and owns all intellectual property rights (including but not limited to copyright) in the Licensed Work. All rights not expressly granted to the licensee under the copyright licence are retained by HKEAA. The licensee has no proprietary rights or rights of whatsoever nature in the Licensed Work other than the licence to use granted under the copyright licence.
5. Without limiting the generality of paragraph 4 above, the copyright licence does not permit the licensee to make any course pack.
6. Those who wish to use or copy the Licensed Work beyond the scope of the copyright licence should apply to HKEAA for a separate permission.
7. The copyright licence shall expire upon the end of the period specified in the licence certificate issued by HKEAA to the licensee and the licensee shall cease to have any rights to the Licensed Work under the copyright licence.

Our administration department is responsible for such applications are in place and proper policies are in place to ensure compliance with the terms of the licence. During the Track Record Period, we paid aggregate fees to the HKEAA for such licenses of approximately HK\$21,300, HK\$39,000, nil and nil for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, respectively. Our Directors confirm that there was no disagreement between our Company and HKEAA in respect of amount of license fees during the Track Record Period.

Given the risk of using unauthorised materials as set out in the section headed “Risk factors — Copyright infringement claims and other allegations of breaches of intellectual property rights against us and/or our tutors could materially and adversely affect our business and operating results” of this prospectus, we require our tutors to comply with our guideline on use of past papers in their usage during the course of their employment and preparation of course materials. The guidelines set out best practices and the relevant provision of the Copyright Ordinance for handling past papers such as those past papers licensed from the HKEAA (as referred to in the paragraph headed “Employees, management and tutors — Our tutors — Teaching method and course materials” of this section). These practice include (i) restricting the persons with access to copyrighted materials (such persons generally include our students, tutors and other administrative staff where necessary); (ii) handling the usage of such papers to in class and under supervision of our tutors; and (iii) restricting the copying and prohibiting the uploading online of such papers. Our internal control team will also assist in checking the course materials compliance with the Copyright Ordinance and our guidelines. A breach of our employee manual may be breach of our standard terms of employment with our tutor and thereby entitling us to terminate his/her employment. Another standard term of employment with our tutors stipulates that he/she must comply with among others, the Copyright Ordinance or else the tutor(s) will be responsible for such breach. Despite the above protections, our Group may still be subject to claims and become liable for infringement of intellectual property rights or breach of terms of licences granted by other third party education

institutions or organisations, content providers or publishers, competitors or others, including but not limited to the materials distributed by tutors under the Copyright Ordinance.

The Internal Control Adviser performed the internal control review on the areas of corporate governance and operating cycles of our Group for an initial review period from 1 April 2014 to 30 September 2015 and then an extended review period from 1 October 2015 to 31 March 2016. The Internal Control Adviser had identified a number of findings during the initial review conducted in August 2015 and provided the corresponding recommendations after the initial review. Our Company had fully implemented the internal control measures recommended by the Internal Control Adviser. The Internal Control Adviser conducted follow-up work in November 2015. Internal control review works for the extended review period were conducted in June to July 2016. The Internal Control Adviser concluded that our Company had implemented the recommended internal control measures.

During the Internal Control Adviser's review, it had (i) conducted interviews with the members of Company's internal control team for the documents required and criteria for the approval of course materials in relation to the compliance with the Copyright Ordinance; (ii) reviewed the walkthrough samples according to our Company's control procedures for the approval of course materials including the copyrighted materials; (iii) conducted test of controls for the approval procedures of the course materials by reviewing, among others, the guidelines of preparation (the "**Guidelines**") for course materials, the samples of course materials, the course materials approval forms approved by Company's internal control team; (iv) checked the course materials were properly authorised before distribution to the students and no material irregularity was found for the test of controls. The Internal Control Adviser has the view that our Company has implemented the internal control measures and the measures are adequate and effective. Our Company's legal adviser as to Hong Kong Law has reviewed the Guidelines and concur that the Guidelines do not contravene the Copyright Ordinance.

To the best knowledge and belief of our Directors, our tutors were not involved in any proceedings in respect of, nor had we received notice of any claim for, the infringement of any intellectual property rights in relation to materials used in our courses during the Track Record Period.

MARKETING AND STUDENT RECRUITMENT

During the Track Record Period, we mainly relied on referrals for our student recruitment. However, we have also adopted various marketing strategies to attract new and returning students and to increase our brand awareness:

- **Referrals:** In our Directors' experience and given our long history in Hong Kong, we mainly relied on students'/parents' recommendation or word-of-mouth referrals from existing students or past students.

BUSINESS

- **Brand awareness:** We also believe that another large contributing factor for our success in student recruitment is the strength of our brand ‘Logic Tutorial Centre’ (‘勵致研習中心’). During the Track Record Period, we have promoted our brand through banners and light boxes primarily in the proximity of our tutorial centres. Our marketing expenses were approximately HK\$0.13 million, HK\$0.07 million, HK\$0.13 million and HK\$34,000 for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, respectively.
- **Free tours/trials:** We may also offer tours of our tutorial centres and free trials for prospective students to try out our services and better understand our operations.

During the Track Record Period, our marketing staff and internal control team are responsible for our Group’s marketing activities and ensuring our Group’s compliance with relevant laws, rules and regulations and taking such reasonable steps to avoid any misrepresentation in such marketing materials by following our marketing materials approval guideline. This guidelines includes such steps for our marketing staff to follow such as (i) checking the information therein is correct and not misleading particularly in relation to course information, tutor’s academic background, tutor’s working experience, and historical passing rate of the course; (ii) collecting supporting evidence for statements made and avoiding hyperbole; and (iii) including identifiers on marketing materials for easier reference internally in gathering the records relevant to such materials. Our guidelines are reviewed every two years to consider whether if any updates are necessary. As part of a two step review process and to keep senior management aware of the style and content of the marketing, after drafting by the our marketing staff, they will apply for the materials to be reviewed and approved by a member of our internal control team prior to issue. Once a member of the internal control team is satisfied that the material complies with the guidelines, they will sign an acknowledgement and the materials will be passed to printers.

COMPETITION

We operated in a highly competitive industry which is generally fragmented. According to the Industry Report, in the 2015/16 academic year, there were approximately 1,317 private tutoring companies and approximately 2,051 private tutoring centres offering primary tutoring services in Hong Kong and approximately 1,110 private tutoring companies and approximately 1,775 private tutoring centres offering secondary tutoring services in the 2015/16. These companies generally competed through the following main factors of competition: (i) quality of education and reputation; (ii) course design and format of delivery; (iii) geographic coverage and accessibility; and (iv) price of courses. Please refer to the section headed “Industry overview” of this prospectus for further details.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our Group's financial condition and results of operations in conjunction with our consolidated financial information as at 31 March 2014, 2015 and 2016 and 31 August 2016 and for each of the three years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 and the accompanying notes set forth in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with the basis of presentation and accounting policies which comply with HKFRS as set out in Appendix I Notes 2 and 5.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those projected in the forward-looking statements. For additional information regarding these risks and uncertainties, please refer to the section headed "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are a tutoring services provider operating in Hong Kong. Our tutoring services are principally offered to secondary school students and primary school students as a supplement to the student's formal school education. During the Track Record Period, we offered a wide range of courses on one or multiple subjects. According to the Industry Report, amongst primary and secondary tutoring services providers registered with the EDB, we are the seventh largest in Hong Kong in terms of revenue. As at the Latest Practicable Date, our Group had 13 tutorial centres (excluding our Tin Chak centre which is expected to commence operation in November 2016), 32 registered classrooms and a maximum number of 645 pupils permitted in its classrooms at the same time according to EDB. For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016, our Group had approximately 56,100, 57,300, 53,800, 18,400 and 19,000 course enrolments in our courses respectively, contributing to our revenue of approximately HK\$36.2 million, HK\$36.2 million, HK\$38.6 million, HK\$13.4 million and HK\$13.7 million respectively.

BASIS OF PRESENTATION

Pursuant to Reorganisation, our Company became the holding company of the companies now comprising our Group and is regarded as a continuing entity resulting from the Reorganisation since the insertions of certain new holding companies at the top of Billion Bright which have no commercial substance and do not form a business combination. Accordingly, the financial information to the Accountants' Report as set out in Appendix I to this prospectus have been prepared using the principles of merger accounting as if the Reorganisation had occurred as of the beginning of the earliest period presented and the current group structure had always been in existence.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of our Group for the Track Record Period include the results and cash flows of all

FINANCIAL INFORMATION

companies now comprising our Group, as if the current structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period. The consolidated statements of financial position of our Group as at 31 March 2014, 2015 and 2016 and 31 August 2016 have been prepared to present the state of affairs of our Group as if the current group structure had been in existence as at the respective dates.

The assets and liabilities of the companies comprising our Group are consolidated using the existing book values. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

PRINCIPAL FACTORS AFFECTING THE RESULTS OF OPERATIONS

Our business, results of operations and financial condition are affected by a number of factors, and among those, many of which are beyond our control. Please refer to the section headed "Risk factors" of this prospectus. Below is a summary of some of the key factors:

Our revenue is mainly derived from secondary tutoring services and therefore our prospects and results of operation may be materially and adversely affected by a reduction in demand for such services

Our revenue is mainly derived from secondary tutoring services. During the Track Record Period, revenue from secondary tutoring services represented approximately 82.2%, 81.5%, 80.0%, 78.9% and 78.0% of our total revenue for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 respectively. Our Directors expect that the secondary tutoring services will continue to be a substantial and important revenue stream of our Group in the near future. However, according to the Industry Report, it is expected that during the academic years 2015/16 to 2018/19, the number of secondary school students is expected to decrease from approximately 352,600 students to approximately 306,200 (or CAGR of approximately -4.6%), due to the fall in birth rate in the late 1990s. If such trend or other changes such as to Hong Kong secondary school system leads to a reduction in demand for our secondary tutoring services and we fail to adequately and promptly respond to such changes, our prospects and results of operation may be materially and adversely affected.

Any event that negatively affects our trademarked brand 'Logic Tutorial Centre' or other intellectual property rights including litigation claims or negative publicity may harm our business, reputation, financial condition and results of operations

Our Group's tutoring services are carried out under the 'Logic Tutorial Centre' brand. Our Directors believe that such brand has been positively received by students and parents particularly in the New Territories West, our Group's primary market

FINANCIAL INFORMATION

segment. However, there may be risk that such brand would be tarnished due to any negative allegations against it, such as infringement of intellectual property rights, leakage of examination questions, unlawful early admission of students or disputes with tutors. Our Group may therefore fail to continue to attract students, and its business, financial performance could be materially and adversely affected. As at the Latest Practicable Date, our Group offers a wide range of programmes and services to students by different tutors in 11 tutorial centres in the New Territories West. As our Group continues to grow in size, expand its programmes and services and extend its geographic coverage, maintaining consistency in its teaching quality may become more difficult to achieve. If our tutors receive any negative press report due to their own behaviour, whether or not related to our Group's business, the association between those tutors and our Group could materially and adversely affect our Group's brand and image, hence its business and operating results.

Decrease in the number of students in Hong Kong may reduce the demand for our tutoring services in our industry

According to the Industry Report, the number of primary school students and secondary school students have shown a decreasing trend in the past five years. The number of primary school students in Hong Kong decreased from approximately 344,700 to 329,300 during the academic years 2009/10 and 2014/15 respectively, at a CAGR of approximately -0.9%. Furthermore, the number of secondary school students in Hong Kong decreased from approximately 469,500 to 373,100 during the academic years 2009/10 and 2014/15 respectively, representing a CAGR of approximately -4.5%. This trend is affected by among others, the decrease in birth rate in Hong Kong due to pessimistic attitudes from the financial crises and the effect of the high cost of raising a child in Hong Kong in discouraging families to give birth to more children. If this decreasing trend continues and is not offset by other factors such as immigration from the PRC, there may be a reduction of demand for tutoring services in our industry. This in turn may lead to a decrease in the number of our students and course enrolments which may materially and adversely affect our operating results and financial performance.

CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND POLICIES

The financial statements of our Group were prepared in accordance with all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, which requires our Group to adopt accounting policies and make estimates and assumptions that the management believes are appropriate in the circumstances for the purpose of giving a true and fair view of the results and financial condition of our Group. However, different policies, estimates and assumptions in critical areas could lead to materially different results. Our Directors have continually assessed these estimates based on their experience and knowledge of current business, the expectations based on available information and other reasonable assumptions, which together form our basis for making judgments about matters that are not apparent from other sources. Since the use of estimates is an integral component of financial reporting

FINANCIAL INFORMATION

progress, the actual result could differ from those estimates. Our Directors believe the following accounting policies involve the most significant judgments and estimates used in the preparation of the financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services and the use by others of our Group's assets which yield interests, net of discounts. Provided it is probable that the economic benefits will flow to our Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

Income from provision of tutoring services is recognised when the services are rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

Operating lease charge

Where our Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals, if any, are charged to profit or loss in the accounting period in which they are incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost, less provisions for depreciation and impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item. When an item of property, plant and equipment is sold, its cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss.

FINANCIAL INFORMATION

Depreciation is provided on the straight-line method, based on the estimated economic useful lives of the individual assets, as follows:

Leasehold improvements	Over the lease term
Motor vehicles	20%
Furniture, fixtures and equipment	20%

RESULTS OF OPERATIONS

The table below set out the consolidated statements of profit or loss and other comprehensive income of our Group for the periods indicated and extracted from the Accountants' Report set out in Appendix I to this prospectus:

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Revenue	36,238	36,249	38,576	13,376	13,651
Other income	2	3	7	2	1
Advertising expenses	(125)	(72)	(131)	(31)	(34)
Building management fees and rates	(646)	(693)	(704)	(284)	(356)
Depreciation expenses	(580)	(720)	(774)	(320)	(288)
Employee benefit expenses	(14,088)	(12,954)	(13,555)	(5,597)	(5,860)
Operating lease expenses	(6,318)	(7,092)	(7,833)	(3,329)	(3,168)
Other operating expenses	(1,948)	(2,080)	(1,954)	(861)	(836)
Listing expenses	—	(1,354)	(6,306)	—	(625)
Finance costs	(109)	—	(70)	(26)	—
Profit before income tax	12,426	11,287	7,256	2,930	2,485
Income tax expense	(2,114)	(2,123)	(2,267)	(521)	(542)
Profit and total comprehensive income attributable to owners of the Company for the year/period	10,312	9,164	4,989	2,409	1,943

FINANCIAL INFORMATION

DISCUSSION ON MAJOR ITEMS OF THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our Group was mainly engaged in the provision of secondary and primary tutoring services. Total revenue of our Group for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 amounted to approximately HK\$36.2 million, HK\$36.2 million, and HK\$38.6 million, HK\$13.4 million and HK\$13.7 million all of which was generated from secondary and primary tutoring services.

The following tables set out a summary of revenue generated from secondary and primary tutoring services for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016:

	Years ended 31 March						Five months ended 31 August			
	2014		2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)									
Secondary tutoring services	29,799	82.2	29,550	81.5	30,868	80.0	10,553	78.9	10,649	78.0
Primary tutoring services	6,439	17.8	6,699	18.5	7,708	20.0	2,823	21.1	3,002	22.0
Total	36,238	100.0	36,249	100.0	38,576	100.0	13,376	100.0	13,651	100.0

Secondary tutoring services

Our secondary tutoring services are offered to secondary school students from Secondary 1 to 6 who seek to improve their school performance for specific subjects and prepare for public examinations particularly HKDSEE given the importance of such examination in being accepted to a university of their choice. During the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016, the revenue generated from secondary tutoring services of approximately HK\$29.8 million, HK\$29.5 million, HK\$30.9 million, HK\$10.6 million and HK\$10.7 million respectively were the major source of income of our Group, accounted for approximately 82.2%, 81.5%, 80.0%, 78.9% and 78.0% respectively of our total revenue.

FINANCIAL INFORMATION

Set out below is the number of course enrolments and revenue based on their school level for each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016:

	Years ended 31 March						Five months ended 31 August			
	2014		2015		2016		2015		2016	
	<i>Number of</i>		<i>Number of</i>		<i>Number of</i>		<i>Number of</i>		<i>Number of</i>	
	<i>course</i>		<i>course</i>		<i>course</i>		<i>course</i>		<i>course</i>	
	<i>enrolments</i>	<i>Revenue</i>	<i>enrolments</i>	<i>Revenue</i>	<i>enrolments</i>	<i>Revenue</i>	<i>enrolments</i>	<i>Revenue</i>	<i>enrolments</i>	<i>Revenue</i>
		<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>
								(unaudited)		
Secondary 1	4,078	3,777	3,049	3,319	3,023	3,503	1,228	1,429	971	1,421
Secondary 2	4,820	4,897	3,591	3,975	3,815	4,635	1,266	1,666	1,194	1,777
Secondary 3	4,383	4,647	3,939	4,548	3,403	4,049	1,348	1,563	1,135	1,627
Secondary 4	15,378	6,633	14,732	6,383	13,663	6,790	5,458	2,432	5,246	2,422
Secondary 5	11,776	5,413	14,066	6,065	12,372	6,095	5,167	2,635	4,602	2,194
Secondary 6	8,877	4,432	11,780	5,260	10,528	5,796	1,663	828	3,454	1,208
Total	49,312	29,799	51,157	29,550	46,804	30,868	16,130	10,553	16,602	10,649

Secondary tutoring services, especially tutoring services for secondary 4 to 6 accounted for majority of the total number of course enrolments. During the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 Secondary 4 to 6, with the number of course enrolments of 36,031, 40,578, 36,563, 12,288 and 13,302 respectively, accounted for approximately 64.2%, 70.8%, 68.0%, 66.6% and 70.1% of our total number of course enrolments. Course enrolments of Secondary 4 to 6 contributed approximately HK\$16.5 million, HK\$17.7 million, HK\$18.7 million, HK\$5.9 million and HK\$5.8 million to our total revenue, respectively accounted for approximately 45.5%, 48.9%, 48.4%, 44.1% and 42.7% of our total revenue over the same period. A majority of our revenue from secondary tutoring services derived from the tutoring services of Secondary 4 to 6, which is mainly due to the preparation of public examinations of HKDSEE by our students.

During each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016, Secondary 1 to 3, with the number of course enrolments of 13,281, 10,579, 10,241, 3,842 and 3,300, respectively, accounted for approximately 23.7%, 18.5%, 19.0%, 20.8% and 17.4% of our total number of course enrolments. Course enrolments of Secondary 1 to 3 contributed approximately HK\$13.3 million, HK\$11.8 million, HK\$12.2 million, HK\$4.7 million and HK\$4.8 million to our total revenue, respectively accounted for approximately 36.8%, 32.7%, 31.6%, 34.8% and 35.3% of our total revenue over the same period. The tutoring services of Secondary 1 to 3 contributed stable revenue to our Group.

FINANCIAL INFORMATION

Set out below is the breakdown of revenue from secondary tutoring services by course type for each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016:

	Years ended 31 March						Five months ended 31 August			
	2014		2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
							(unaudited)			
Regular courses	27,062	90.8	26,703	90.4	27,999	90.7	8,589	81.4	8,615	80.9
Summer courses	1,851	6.2	1,664	5.6	1,596	5.2	1,596	15.1	1,605	15.1
Intensive courses	886	3.0	1,183	4.0	1,273	4.1	368	3.5	429	4.0
Total	<u>29,799</u>	<u>100.0</u>	<u>29,550</u>	<u>100.0</u>	<u>30,868</u>	<u>100.0</u>	<u>10,553</u>	<u>100.0</u>	<u>10,649</u>	<u>100.0</u>

Revenue generated from the secondary tutoring services remained stable for the two year ended 31 March 2014 and 2015.

The revenue generated from the secondary tutoring services increased by approximately HK\$1.3 million to approximately HK\$30.9 million for the year ended 31 March 2016. Although the total number of course enrolments decreased from 51,157 for the year ended 31 March 2015 to 46,804 for the year ended 31 March 2016, the average course fees of regular, summer and intensive courses was increased during the year ended 31 March 2016, which ultimately outweighed the decrease in the number of enrolment. Thus, the revenue generated from the secondary tutoring services increased by approximately 4.4%.

Revenue generated from secondary tutoring services maintained at a stable level for the five months ended 31 August 2015 and 2016.

Primary tutoring services

Our primary tutoring services are offered to primary school students from Primary 1 to 6 who also seek to not only improve their performance in school and in examination settings but also to assist these younger students to solidify the foundational knowledge necessary for them to succeed through the school system. Our courses generally focus either on supervising and tutoring day-to-day school work of our primary students or cover lessons specially designed to increase our primary students' knowledge in certain subject matters particularly Chinese language, English language and Mathematics and General Studies through various exercises to improve their comprehension and use of the subject matter. The revenue generated from primary tutoring services for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 of approximately HK\$6.4 million, HK\$6.7 million, HK\$7.7 million, HK\$2.8 million and HK\$3.0 million respectively contributed the remaining tutoring income to our Group, and accounted for approximately 17.8%, 18.5%, 20.0%, 21.1% and 22.0% respectively of our total revenue.

Set out below is the number of course enrolments and revenue based on their school level for each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016.

FINANCIAL INFORMATION

	Years ended 31 March						Five months ended 31 August			
	2014		2015		2016		2015		2016	
	Number of course enrolments	Revenue HK\$'000	Number of course enrolments	Revenue HK\$'000	Number of course enrolments	Revenue HK\$'000	Number of course enrolments	Revenue HK\$'000 (unaudited)	Number of course enrolments	Revenue HK\$'000
Primary 1	223	234	297	316	518	568	281	325	137	198
Primary 2	498	514	474	532	777	927	223	309	240	361
Primary 3	839	813	657	738	972	1,127	297	365	357	467
Primary 4	988	977	936	973	1,210	1,327	422	508	452	570
Primary 5	1,771	1,706	1,242	1,355	1,587	1,746	627	753	521	700
Primary 6	2,471	2,195	2,552	2,785	1,914	2,013	464	563	661	706
Total	6,790	6,439	6,158	6,699	6,978	7,708	2,314	2,823	2,368	3,002

During the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016, Primary 4 to 6, with the number of course enrolments of 5,230, 4,730, 4,711, 1,513 and 1,634, respectively, accounted for approximately 9.3%, 8.3%, 8.8%, 8.2% and 8.6% of our total number of course enrolments. Course enrolments of Primary 4 to 6 contributed approximately HK\$4.9 million, HK\$5.1 million, HK\$5.1 million, HK\$1.8 million and HK\$2.0 million to our total revenue, respectively accounted for approximately 13.5%, 14.1%, 13.2%, 13.6% and 14.5% of our total revenue over the same period. A majority of our revenue from primary tutoring services derived from the tutoring services of Primary 4 to 6, which is mainly due to the preparation of examinations in order to boost the performance of our students for entering their preferred secondary school.

During the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016, Primary 1 to 3, with the number of course enrolments of 1,560, 1,428, 2,267, 801 and 734 respectively, accounted for approximately 2.8%, 2.4%, 4.2%, 4.4% and 3.9% respectively of our total number of course enrolments. Course enrolments of Primary 1 to 3 contributed approximately HK\$1.5 million, HK\$1.6 million, HK\$2.6 million, HK\$1.0 million and HK\$1.0 million to our total revenue, respectively accounted for approximately 4.3%, 4.4%, 6.8%, 7.5% and 7.5% of our total revenue over the same period.

Set out below is the breakdown of revenue from primary tutoring services by course type for each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016:

	Years ended 31 March						Five months ended 31 August			
	2014		2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000 (unaudited)	%	HK\$'000	%
Regular courses	5,716	88.8	5,999	89.6	6,974	90.5	2,088	74.0	2,114	70.4
Summer courses	723	11.2	700	10.4	734	9.5	735	26.0	888	29.6
Total	6,439	100.0	6,699	100.0	7,708	100.0	2,823	100.0	3,002	100.0

FINANCIAL INFORMATION

Revenue generated from the primary tutoring services increased by approximately HK\$0.3 million, or approximately 4.7%, to approximately HK\$6.7 million for the year ended 31 March 2015 from approximately HK\$6.4 million for the year ended 31 March 2014. Such increase was mainly due to increase in the revenue from regular courses and the increase in the total number of student.

Revenue generated from the primary tutoring services increased by approximately HK\$1.0 million, or approximately 14.9%, to approximately HK\$7.7 million for the year ended 31 March 2016 from approximately HK\$6.7 million for the year ended 31 March 2015. Such increase was mainly attributable to increase in course enrolment for regular courses, and more and more students enrolled in courses of specific subjects such as English courses or Mathematics courses, the average course fees of which are lower than traditional homework courses covering all subjects.

Revenue generated from the primary tutoring services increased by approximately HK\$0.2 million, or approximately 7.1%, to approximately HK\$3.0 million for the five months ended 31 August 2016 from approximately HK\$2.8 million for the five months ended 31 August 2015. Such increase was mainly attributable to increase in average course fee of summer course because of fee adjustment.

Advertising expenses

Our advertising expenses mainly comprise rental of light boxes in various malls and printing costs of advertisements in columns. Such expenses decreased from approximately HK\$125,000 for the year ended 31 March 2014 by approximately HK\$53,000, or approximately 42.4% to approximately HK\$72,000 for the year ended 31 March 2015. Such decrease was mainly due to (i) less printing cost was incurred as certain promotional materials printed in previous year was reused; and (ii) less outdoor media advertising expenses were incurred during the year ended 31 March 2015.

Such expenses increased by approximately HK\$59,000, or approximately 81.9%, to approximately HK\$131,000 for the year ended 31 March 2016 as compared to the year ended 31 March 2015. Such increase was mainly due to more printing cost and outdoor media advertising expenses were incurred during the year ended 31 March 2016.

Such expenses increased from approximately HK\$31,000 for the five months ended 31 August 2015 by approximately HK\$3,000, or approximately 9.7%, to approximately HK\$34,000 for the five months ended 31 August 2016. Advertising expenses maintained at stable level for the five months ended 31 August 2015 and 2016.

Building management fees and rates

Our building management fees and rates were incurred by our leased properties which increased by approximately HK\$47,000 or approximately 7.3% to approximately HK\$693,000 for the year ended 31 March 2015 from approximately HK\$646,000 for the year ended 31 March 2014. Such increase was mainly due to (i) increase in building

FINANCIAL INFORMATION

management fees and rates of our Parklane Square centre during the year ended 31 March 2015; and (ii) the full year building management fees and rates incurred for the Grandeur Terrace centre during the year ended 31 March 2015.

Our building management fees and rates were incurred by our leased properties which increased by approximately HK\$11,000 or approximately 1.6%, to approximately HK\$704,000 for the year ended 31 March 2016 from approximately HK\$693,000 for the year ended 31 March 2015. Such increase was mainly due to increase in building rates paid, as the building rates concession were given for the year ended 31 March 2015.

Our building management fees and rates were incurred by our leased properties which increased by approximately HK\$72,000 or approximately 25.4% to approximately HK\$356,000 for the five months ended 31 August 2016 from approximately HK\$284,000 for the five months ended 31 August 2015. Such increase was mainly due to (i) increase in building management fees and rates of the new Tin Chak centre during the five months ended 31 August 2016; and (ii) decrease in rate relief scheme launched by government compared the five months ended 31 August 2015.

Depreciation expenses

Our depreciation expenses comprise depreciation on (i) leasehold improvements; (ii) motor vehicles; and (iii) furniture, fixtures and equipment. Such expenses increased by approximately HK\$140,000, or approximately 24.1%, to approximately HK\$720,000 for the year ended 31 March 2015 from approximately HK\$580,000 for the year ended 31 March 2014, which was mainly due to increase in leasehold improvements and furniture, fixture and equipment for (i) the Kowloon City centre which opened in March 2015; and (ii) full year depreciation expenses for the Grandeur Terrace centre.

Such expenses increased by approximately HK\$54,000, or approximately 7.5%, to approximately HK\$774,000 for the year ended 31 March 2016 from approximately HK\$720,000 for the year ended 31 March 2015, which was mainly due to increase in leasehold improvements and furniture, fixture and equipment for our new Yuen Long centre which opened in December 2015.

Our depreciation expenses decreased by approximately HK\$32,000, or approximately 10.0%, to approximately HK\$288,000 for the five months ended 31 August 2016 from approximately HK\$320,000 for the five months ended 31 August 2015. Depreciation expenses maintained at a stable level for the five months ended 31 August 2015 and 2016.

Employee benefit expenses

Our employee benefit expenses comprise (i) salaries and wages; and (ii) pension scheme contributions. Such expenses decreased by approximately HK\$1.1 million, or approximately 7.8%, to approximately HK\$13.0 million for the year ended 31 March 2015 from approximately HK\$14.1 million for the year ended 31 March 2014. Such decrease was mainly attributable to the decrease in number of both tutoring and non-tutoring staff from 75 on average during the year ended 31 March 2014 to 61 on average during the year ended 31 March 2015.

FINANCIAL INFORMATION

Such expenses increased by approximately HK\$0.6 million, or approximately 4.6%, to approximately HK\$13.6 million for the year ended 31 March 2016 from approximately HK\$13.0 million for the year ended 31 March 2015. Such increase was mainly attributable to the salary increment for the year ended 31 March 2016.

Our employee benefit expenses increased by approximately HK\$0.3 million, or approximately 5.4%, to approximately HK\$5.9 million for the five months ended 31 August 2016 from approximately HK\$5.6 million for the five months ended 31 August 2015. Such increase was mainly attributable to the salary increment for the five months ended 31 August 2016.

Operating lease expenses

Our operating lease expenses comprise rental expenses of tutorial centres. Such expenses increased by approximately HK\$0.8 million, or approximately 12.7%, to approximately HK\$7.1 million for the year ended 31 March 2015 from approximately HK\$6.3 million for the year ended 31 March 2014. Such increase was mainly due to (i) full year rental expenses incurred in the year ended 31 March 2015 for the Grandeur Terrace centre; and (ii) increase in rental expenses of our Lung Mun centre upon renewal of relevant tenancy arrangement.

Such expenses increased by approximately HK\$0.7 million, or approximately 9.9%, to approximately HK\$7.8 million for the year ended 31 March 2016 from approximately HK\$7.1 million for the year ended 31 March 2015. Such increase was mainly due to (i) full year rental expenses incurred in the year ended 31 March 2016 for the Kowloon City centre; and (ii) increase in rental expenses of the new Yuen Long centre, which was partly offset by the closure of the YOHO centre and the Kau Yuk Road centre in November 2015.

Our operating lease expenses decreased by approximately HK\$0.1 million, or approximately 3.0%, to approximately HK\$3.2 million for the five months ended 31 August 2016 from approximately HK\$3.3 million for the five months ended 31 August 2015. Such decrease was mainly due to the closure of the YOHO centre and the Kau Yuk Road centre in November 2015, which was partly offset by the rental expenses incurred during the five months ended 31 August 2016 for the Tin Chak centre.

Other operating expenses

Our other operating expenses mainly comprise utilities expenses, printing and stationary expenses, Point of Sale (POS) system monthly maintenance cost, auditors' remuneration and other sundry expenses. Such expenses increased by approximately HK\$0.2 million, or approximately 10.5%, to approximately HK\$2.1 million for the year ended 31 March 2015 from approximately HK\$1.9 million for the year ended 31 March 2014. Such increase was mainly attributable to increase in system maintenance cost of approximately HK\$0.1 million during the year ended 31 March 2015 for our POS system which was newly implemented during the year ended 31 March 2015.

FINANCIAL INFORMATION

Such expenses decreased by approximately HK\$0.1 million, or approximately 4.8%, to approximately HK\$2.0 million for the year ended 31 March 2016 from approximately HK\$2.1 million for the year ended 31 March 2015. Other operating expenses maintained at a stable level for the year ended 31 March 2015 and 2016.

Such expenses decreased by approximately HK\$25,000, or approximately 2.9%, to approximately HK\$836,000 for the five months ended 31 August 2016 from approximately HK\$861,000 for the five months ended 31 August 2015. Other operating expenses maintained at a stable level for the five months ended 31 August 2015 and 2016.

Listing expenses

Our listing expenses amounted to approximately HK\$1.4 million for the year ended 31 March 2015, compared to nil for the year ended 31 March 2014. Such expenses were attributable to our previous listing exercise which lapsed in late 2012 and were recorded as prepayments before. As most of the professional parties have changed, such amount was recognised as expense during the year ended 31 March 2015.

Our listing expenses increased by approximately HK\$4.9 million, or approximately 350%, to approximately HK\$6.3 million for the year ended 31 March 2016 from approximately HK\$1.4 million for the year ended 31 March 2015. For the year ended 31 March 2016, the listing expenses included reporting accountant fees, legal expenses and other professional fee incurred for the application of listing.

Our listing expenses increased from nil for the five months ended 31 August 2015 to approximately HK\$625,000 for the five months ended 31 August 2016. Such increase was due to the professional fee incurred for the proposed of the application of listing.

Finance costs

Our finance costs comprise interest on bank borrowings. Such cost decreased to nil for the year ended 31 March 2015 from approximately HK\$109,000 for the year ended 31 March 2014. Such decrease was due to our repayment of bank borrowings of approximately HK\$5.2 million during the year ended 31 March 2014.

Such finance cost increased to approximately HK\$70,000 for the year ended 31 March 2016 from nil for the year ended 31 March 2015. Such increase was due to the additional bank borrowing of approximately HK\$3.0 million granted at April 2015. And the total amount of bank borrowings was fully repaid at October 2015.

Our finance cost decreased from approximately HK\$26,000 for the five months ended 31 August 2015 to nil for the five months ended 31 August 2016. Such decrease was due to no bank borrowing arranged during the five months ended 31 August 2016.

FINANCIAL INFORMATION

Income tax expense

Our Group was not subject to any income tax in the Cayman Islands during each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016. The provision for Hong Kong profits tax was calculated at 16.5% of the relevant estimated assessable profits during the Track Record Period.

Our income tax expense remained stable at approximately HK\$2.1 million for each of the year ended 31 March 2014 and 2015.

Our income tax expenses amounted of approximately HK\$2.3 million for the year ended 31 March 2016.

Our income tax expense remained stable at approximately HK\$0.5 million for each of the five months ended 31 August 2015 and 2016.

Net profit for the year

Our profit for the year decreased by approximately HK\$1.1 million to approximately HK\$9.2 million for the year ended 31 March 2015 from approximately HK\$10.3 million for the year ended 31 March 2014.

Our net profit margin amounted to approximately 25.3% for the year ended 31 March 2015, compared to approximately 28.5% for the year ended 31 March 2014. The decrease in profit for the year and net profit margin were mainly attributable to (i) the increase in our operating lease expenses incurred for our existing and new tutorial centres; and (ii) the listing expenses for our previous listing exercise which were recognised as prepayments before but charged to the profit or loss during the year ended 31 March 2015.

Our profit for the year decreased by approximately HK\$4.2 million to approximately HK\$5.0 million for the year ended 31 March 2016 from approximately HK\$9.2 million for the year ended 31 March 2015.

Our net profit margin amounted to approximately 12.9% for the year ended 31 March 2016, compared to approximately 25.3% for the year ended 31 March 2015. The decrease in profit for the year and net profit margin were mainly attributable to (i) the listing expenses for the application of listing during 31 March 2016; and (ii) the increase in operating lease expenses and employee benefit expenses.

Our profit for the period from decreased by approximately HK\$0.5 million to approximately HK\$1.9 million for the five months ended 31 August 2016 from approximately HK\$2.4 million for the five months ended 31 August 2015.

Our net profit margin amounted to approximately 14.2% for the five months ended 31 August 2016, compared to approximately 18.0% for the five months ended 31 August 2015. The decrease in profit for the period and net profit margin were mainly attributable to (i) the listing expenses for the application of listing; and (ii) the increase in employee benefit expenses.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below set out our consolidated statements of financial position extracted from the Accountants' Report set out in Appendix I to this prospectus:

	As at 31 March			As at
	2014	2015	2016	31 August
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
ASSETS AND LIABILITIES				
Non-current asset				
Property, plant and equipment	<u>826</u>	<u>1,210</u>	<u>1,148</u>	<u>1,015</u>
Current assets				
Account receivables	1,269	1,427	721	486
Prepayments and deposits	3,446	2,266	4,785	5,603
Amounts due from shareholders	4,232	—	372	—
Cash and cash equivalents	<u>7,137</u>	<u>8,370</u>	<u>13,730</u>	<u>10,757</u>
	<u>16,084</u>	<u>12,063</u>	<u>19,608</u>	<u>16,846</u>
Current liabilities				
Accruals, receipts in advance and other payables	1,839	1,900	4,690	3,243
Amount due to a shareholder	—	1,347	—	—
Tax payable	<u>718</u>	<u>9</u>	<u>688</u>	<u>697</u>
	<u>2,557</u>	<u>3,256</u>	<u>5,378</u>	<u>3,940</u>
Net current assets	<u>13,527</u>	<u>8,807</u>	<u>14,230</u>	<u>12,906</u>
Net assets	<u>14,353</u>	<u>10,017</u>	<u>15,378</u>	<u>13,921</u>
EQUITY				
Equity attributable to owners of the Company				
Share capital	—	—	—	—
Reserves	<u>14,353</u>	<u>10,017</u>	<u>15,378</u>	<u>13,921</u>
Total equity	<u>14,353</u>	<u>10,017</u>	<u>15,378</u>	<u>13,921</u>

FINANCIAL INFORMATION

DISCUSSION OF MAJOR CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

Account receivables

The ageing analysis of our Group's account receivables as at 31 March 2014, 2015 and 2016 and 31 August 2016 based on due dates that were past due as at the reporting date but not impaired is as follows:

	As at 31 March			As at 31 August
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Past due 90 days or less	1,093	1,377	720	461
Past due more than 90 days but less than 1 year	<u>176</u>	<u>50</u>	<u>1</u>	<u>25</u>
	<u>1,269</u>	<u>1,427</u>	<u>721</u>	<u>486</u>

Courses fees are generally payable by cash or cheque and no credit period are granted to students. The payments are generally made in advance with the first instalment payment within one month prior to the commencement of the course. However, we experienced cases where students were late in payment during the Track Record Period, especially for those students whose families temporarily have financial difficulties. Our Group's account receivables as at 31 March 2014, 2015 and 2016 and 31 August 2016 are approximately HK\$1.3 million, HK\$1.4 million, HK\$0.7 million and HK\$0.5 million respectively. As confirmed by our Directors, there was no bad debt written off in relation to course fee during the Track Record Period since the directors of our Group consider that the fair values of account receivables which are expected to be recovered within one year are not materially different from their carry amounts because these balances have short maturity periods on their inception.

All trade debtors as at 31 August 2016 were subsequently settled before the Latest Practicable Date.

Prepayments and deposits

Our Group recorded prepayments and deposits of approximately HK\$3.4 million, HK\$2.3 million, HK\$4.8 million and HK\$5.6 million as at 31 March 2014, 2015 and 2016 and 31 August 2016 respectively.

Prepayments and deposit as at 31 March 2014 mainly comprised of rental deposit of approximately HK\$1.7 million and various prepayments of professional fees for the previous application of listing of approximately HK\$1.6 million. The decrease in prepayments and deposit as at 31 March 2015 was mainly due to previous prepayments of professional fees for the previous application of listing amounting to HK\$1.4 million expensed off during the year ended 31 March 2015.

FINANCIAL INFORMATION

Prepayments and deposits as at 31 March 2016 mainly comprised of rental deposit of approximately HK\$1.9 million and various prepayments of professional fees for the application of listing of approximately HK\$2.8 million. The increase in prepayments and deposit as at 31 March 2016 was mainly due to increase in the prepayments of professional fees for the application of listing during the year ended 31 March 2016.

Prepayments and deposits as at 31 August 2016 mainly comprised of rental deposit of approximately HK\$2.3 million and various prepayments of professional fees for the application of listing of approximately HK\$3.3 million. The increase in prepayments and deposit as at 31 August 2016 was mainly due to increase in the prepayments of professional fees for the application of listing during the five months ended 31 August 2016.

Amounts due from/to shareholders

Amounts due from/to shareholders were non-trade nature, unsecured, non interest-bearing and repayable on demand.

As at 31 March 2014, our Group recorded amounts due from shareholders of approximately HK\$4.2 million, being the amounts due from Mr. Cheung and Mr. Cheung Luk Sun arising from advances made to these shareholders. The amounts due from shareholders of approximately HK\$4.2 million as at 31 March 2014 and the increase in amounts due from shareholders during the year ended 31 March 2015 of approximately HK\$0.5 million from these shareholders had been fully offset by the dividend payable to shareholders of approximately HK\$13.5 million during the year ended 31 March 2015. The remaining balance of dividend payable to shareholders was then partially paid by cash of approximately HK\$7.5 million and leaving a balance recognised as the amount due to a shareholder of approximately HK\$1.3 million as at 31 March 2015.

As at 31 March 2015, the amount due to a shareholder of approximately HK\$1.3 million was fully settled during the year ended 31 March 2016. The amounts due from shareholders, Mr. Cheung and Mr. Cheung Luk Sun as at 31 March 2016 of approximately HK\$0.4 million due to issue of new ordinary shares under the reorganisation. The amount has been fully settled by setting off against the special dividends. Please refer to paragraph headed “Dividends policy” of this section for more details.

All amounts due from shareholders of approximately HK\$0.4 million were fully settled by setting off against the special dividends during the five months ended 31 August 2016.

Accruals, receipts in advance and other payables

Our Group recorded accruals, receipts in advance and other payables of approximately HK\$1.8 million, HK\$1.9 million, HK\$4.7 million and HK\$3.2 million as at 31 March 2014, 2015 and 2016 and 31 August 2016 respectively.

Accruals, receipts in advance and other payables as at 31 March 2014 mainly comprised of accrued salaries of approximately HK\$1.0 million, receipts in advance of tuition fee of approximately HK\$0.6 million and accrued audit fee of approximately HK\$0.2 million.

FINANCIAL INFORMATION

Accruals, receipts in advance and other payables as at 31 March 2015 mainly comprised of accrued salaries of approximately HK\$1.1 million, receipts in advance of tuition fee of approximately HK\$0.6 million and accrued audit fee of approximately HK\$0.2 million.

Accruals, receipts in advance and other payables as at 31 March 2016 mainly comprised of accrued salaries of approximately HK\$1.1 million, accrued professional fee for the application of listing of approximately HK\$2.7 million, receipts in advance of tuition fee of approximately HK\$0.7 million and accrued audit fee of approximately HK\$0.2 million.

Accruals, receipts in advance and other payables as at 31 August 2016 mainly comprised of accrued salaries of approximately HK\$1.1 million, accrued professional fee for the application of listing of approximately HK\$1.2 million receipts in advance of tuition fee of approximately HK\$0.8 million and accrued audit fee of approximately HK\$0.1 million.

NET CURRENT ASSETS

The following table sets forth the breakdown of our Group's current assets and liabilities as at 31 March 2014, 2015 and 2016 and 31 August 2016 and 30 September 2016:

	As at 31 March			As at	As at
	2014	2015	2016	31 August	30 September
	HK\$'000	HK\$'000	HK\$'000	2016	2016
				HK\$'000	HK\$'000
					(unaudited)
Current assets					
Account receivables	1,269	1,427	721	486	544
Prepayments and deposits	3,446	2,266	4,785	5,603	5,458
Amounts due from shareholders	4,232	—	372	—	—
Cash and cash equivalents	<u>7,137</u>	<u>8,370</u>	<u>13,730</u>	<u>10,757</u>	<u>12,018</u>
	<u>16,084</u>	<u>12,063</u>	<u>19,608</u>	<u>16,846</u>	<u>18,020</u>
Current liabilities					
Accruals, receipts in advance and other payables	1,839	1,900	4,690	3,243	2,864
Amounts due to a shareholder	—	1,347	—	—	—
Tax payable	<u>718</u>	<u>9</u>	<u>688</u>	<u>697</u>	<u>813</u>
	<u>2,557</u>	<u>3,256</u>	<u>5,378</u>	<u>3,940</u>	<u>3,677</u>
Net current assets	<u>13,527</u>	<u>8,807</u>	<u>14,230</u>	<u>12,906</u>	<u>14,343</u>

FINANCIAL INFORMATION

Our net current assets decreased by approximately HK\$4.7 million or approximately 34.8% to approximately HK\$8.8 million as at 31 March 2015 from approximately HK\$13.5 million as at 31 March 2014. Such decrease was mainly attributable to the combined effect of (i) the decrease in amounts due from shareholders of approximately HK\$4.2 million; (ii) the decrease in prepayments and deposits of approximately HK\$1.1 million; and (iii) the increase in amount due to a shareholder of approximately HK\$1.3 million, which was partly offset by the increase in cash and cash equivalents of approximately HK\$1.2 million.

Our net current assets increased by approximately HK\$5.4 million or approximately 61.4% to approximately HK\$14.2 million as at 31 March 2016 from approximately HK\$8.8 million as at 31 March 2015. Such increase was mainly attributable to the combined effect of (i) the increase in prepayments and deposits of approximately HK\$2.5 million; (ii) the increase in amount due from shareholders of approximately HK\$0.4 million; and (iii) the increase in cash and cash equivalents of approximately HK\$5.4 million, which was partly offset by the decrease in account receivables of approximately HK\$0.7 million, increase in tax payable of approximately HK\$0.7 million, decrease in amount due to a shareholder of approximately HK\$1.3 million and increase in accruals, receipts in advance and other payables of approximately HK\$2.8 million.

Our net current assets decreased by approximately HK\$1.3 million or approximately 9.2% to approximately HK\$12.9 million as at 31 August 2016 from approximately HK\$14.2 million as at 31 March 2016. Such decrease was mainly attributable to the combined effect of (i) the decrease in account receivable of approximately HK\$0.2 million; (ii) the decrease in amounts due from shareholders of approximately HK\$0.4 million; and (iii) the decrease in cash and cash equivalents of approximately HK\$3.0 million; which was partly offset by the increase in prepayment and deposits of approximately HK\$0.8 million and the decrease in accruals, receipts in advance and other payables of approximately HK\$1.5 million.

Our net current assets increased by approximately HK\$1.4 million or approximately 10.9% to approximately HK\$14.3 million as at 30 September 2016 from approximately HK\$12.9 million as at 31 August 2016. Such increase was mainly attributable to the combined effect of (i) the increase in account receivables of approximately HK\$58,000; (ii) the increase in cash and cash equivalents of approximately HK\$1.3 million; and (iii) the decrease in accruals, receipts in advance and other payables of approximately HK\$0.4 million; which was partly offset by the decrease in prepayments and deposits of approximately HK\$0.1 million and the increase in tax payable of approximately HK\$0.1 million.

FINANCIAL INFORMATION

KEY FINANCIAL RATIOS

		As at 31 March			Five months ended 31 August 2016
	Notes	2014	2015	2016	
Current ratio (times)	1	6.3 times	3.7 times	3.6 times	4.3 times
Quick ratio (times)	2	6.3 times	3.7 times	3.6 times	4.3 times
Gearing ratio	3	N/A	13.4%	N/A	N/A
Net debt to equity	4	N/A	N/A	N/A	N/A
Trade receivables turnover days	5	10.7 days	13.6 days	10.2 days	6.6 days

		Years ended 31 March			Five months ended 31 August (unaudited)	
	Notes	2014	2015	2016	2015	2016
Return on equity	6	71.8%	91.5%	32.4%	N/A	14.0%
Return on total assets	7	61.0%	69.0%	24.0%	N/A	10.9%
Interest coverage ratio (times)	8	115 times	N/A	105 times	114 times	N/A
Net profit margin	9	28.5%	25.3%	12.9%	18.0%	14.2%

Notes:

- Current ratio is calculated by current assets over current liabilities as at the end of the respective year/period.
- Quick ratio is calculated by current assets (excluding inventory) over current liabilities as at the end of the respective year/period.
- Gearing ratio is calculated by total debt over total equity as at the end of the respective year/period. Total debt includes all interest-bearing loans and amount due to a shareholder.
- Net debt to equity is calculated by net debt over total equity as at the end of the respective year/period. Net debt includes all interest-bearing loans and amount due to a shareholder, net of cash and cash equivalent.
- Trade receivables turnover days is calculated by average trade receivables balance over revenue during the year/period end then multiplied by 365/150 days.
- Return on equity is calculated by profit for the year/period over total equity as at the end of the respective year/period.
- Return on total assets is calculated by profit for the year/period over total assets at the end of the respective year/period.
- Interest coverage ratio is calculated by profit for the year/period before interest and tax over interest expense for the year/period.

FINANCIAL INFORMATION

9. Net profit margin is calculated based on the net profit for the year/period divided by total revenue for the year/period and multiplied by 100%.

Current ratio

Our current ratio decreased from 6.3 times for the year ended 31 March 2014 to 3.7 times for the year ended 31 March 2015 due to the combined effect of the decrease in current assets and the increase in current liabilities. The decrease in current assets and increase in current liabilities were mainly due to the distribution of dividend, resulting in (i) the decrease of amounts due from shareholders of approximately HK\$4.2 million; and (ii) the increase of amount due to a shareholder of approximately HK\$1.3 million, which is mentioned in the above sub-paragraph headed “Amounts due from/to shareholders” in this section.

Our current ratio maintained at a relatively stable level at 3.7 times and 3.6 times as at 31 March 2015 and 2016.

Our current ratio increased from 3.6 times for the year ended 31 March 2016 to 4.3 times for the five months ended 31 August 2016 due to the decrease in accruals, receipts in advance and other payables.

Quick ratio

Our quick ratio as at 31 March 2014, 2015 and 2016 and 31 August 2016 was the same as the current ratio since our Group did not have any inventory.

Gearing ratio

The gearing ratio was approximately 13.4% as at 31 March 2015. It was a result of the amount due to a shareholder by approximately HK\$1.3 million as at 31 March 2015. The gearing ratio was not applicable for the year ended 31 March 2014 and 2016 and 31 August 2016 as there was no debt as at 31 March 2014, 2016 and 31 August 2016.

Net debt to equity

Net debt to equity ratio was not applicable as at 31 March 2014, 2015 and 2016 and 31 August 2016 because our cash and cash equivalents were greater than our interest-bearing loans and amount due to a shareholder as at 31 March 2015, and there was no debt as at 31 March 2014 and 2016 and 31 August 2016.

Trade receivables turnover days

The trade receivables turnover days slightly increased from approximately 10.7 days as at 31 March 2014 to approximately 13.6 days as at 31 March 2015. The reason for the increase is that more students were late in settling course fees as at 31 March 2015.

FINANCIAL INFORMATION

The trade receivables turnover days slightly decreased from approximately 13.6 days as at 31 March 2015 to approximately 10.2 days as at 31 March 2016. The reason for the decrease is that fewer students were late in settling course fees and decrease in the balance of trade receivables as at 31 March 2016.

The trade receivables turnover days decreased from approximately 10.2 days as at 31 March 2016 to approximately 6.6 days for as at 31 August 2016. The reason for the decrease is the decrease in the balance of trade receivables as at 31 August 2016.

Return on equity

Our Group recorded an increase in return on equity from approximately 71.8% for the year ended 31 March 2014 to approximately 91.5% for the year ended 31 March 2015. The increase was mainly attributed to the effect of the distribution of special dividend of approximately HK\$9.0 million and interim dividend of approximately HK\$4.5 million for the year ended 31 March 2015.

Our Group recorded a decrease in return on equity from approximately 91.5% for the year ended 31 March 2015 to approximately 32.4% for the year ended 31 March 2016, which was mainly due to the decrease in profit for the year from approximately HK\$9.2 million for the year ended 31 March 2015 to approximately HK\$5.0 million for the year ended 31 March 2016.

Return on total assets

Our Group recorded an increase in return on total assets from approximately 61.0% for the year ended 31 March 2014 to approximately 69.0% for the year ended 31 March 2015. The increase was mainly due to the decrease of amounts due from shareholders of approximately HK\$4.2 million which was mentioned in the above sub-paragraph headed “Amounts due from/to shareholders” in this section.

Our Group recorded a decrease in return on total assets from approximately 69.0% for the year ended 31 March 2015 to approximately 24.0% for the year ended 31 March 2016, which was mainly due to (i) increase in total asset to approximately HK\$20.8 million as at 31 March 2016; and (ii) decrease in profit for the year from approximately HK\$9.2 million for the year ended 31 March 2015 to approximately HK\$5.0 million for the year ended 31 March 2016.

Interest coverage ratio

The interest coverage ratio was approximately 115 times for the year ended 31 March 2014. The ratio was not applicable for the year ended 31 March 2015 as no interest was incurred during the year.

The interest coverage ratio was approximately 105 times for the year ended 31 March 2016.

FINANCIAL INFORMATION

The ratio was not applicable for the five months ended 31 August 2016 as no interest was incurred during the period.

Net profit margin

Net profit margin decreased from approximately 28.5% for the year ended 31 March 2014 to approximately 25.3% for the year ended 31 March 2015. The decrease was primarily attributable to listing expenses of approximately HK\$1.4 million for our previous listing exercise which lapsed in late 2012 and were expensed during the year ended 31 March 2015.

Net profit margin decreased from approximately 25.3% for the year ended 31 March 2015 to approximately 12.9% for the year ended 31 March 2016. The decrease was primarily attributable to increase in listing expenses of approximately HK\$4.9 million incurred for the year ended 31 March 2016.

Our net profit margin amounted to approximately 14.2% for the five months ended 31 August 2016, compared to approximately 18.0% for the five months ended 31 August 2015. The decrease in profit for the period and net profit margin were mainly attributable to (i) the listing expenses for the application of listing; and (ii) the increase in employee benefit expenses.

FINANCIAL INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Our Group's working capital and other capital requirements were principally satisfied by cash generated from its operations.

The following table summarised our Group's cash flows for the period indicated:

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Cash and cash equivalents at beginning of year/ period	7,155	7,137	8,370	8,370	13,730
Net cash generated from operating activities	12,269	10,258	7,489	4,466	210
Net cash used in investing activities	(4,238)	(1,495)	(712)	(284)	(155)
Net cash (used in)/ generated from financing activities	(8,049)	(7,530)	(1,417)	1,484	(3,028)
Cash and cash equivalent at the end of year/period	7,137	8,370	13,730	14,036	10,757

Net cash from operating activities

During the Track Record Period, our net cash flows from operating activities mainly represented our profits before income tax, being adjusted for non-cash items such as depreciation and loss on disposal of property, plant and equipment, the effect of movements in account receivables, prepayments and deposit and accruals and other payables, interest income and Hong Kong income tax paid.

For the year ended 31 March 2014, we had net cash from operating activities amounted to approximately HK\$12.3 million, primarily as a result of operating cash flows of approximately HK\$13.1 million before net negative changes in working capital of approximately HK\$0.5 million and tax payment of approximately HK\$0.3 million. Net negative change in working capital primarily consisted of combined effects of (i) the increase in account receivables of approximately HK\$0.4 million; and (ii) increase in prepayments and deposits of approximately HK\$0.1 million

For the year ended 31 March 2015, we had net cash from operating activities amounted to approximately HK\$10.3 million, primarily as a result of operating cash flows of approximately HK\$13.4 million before net negative changes in working capital of approximately HK\$0.3 million and tax payment of approximately HK\$2.8 million. Net

FINANCIAL INFORMATION

negative change in working capital primarily consisted of combined effects of (i) the increase in account receivables of approximately HK\$0.2 million; and (ii) increase in prepayments and deposits of approximately HK\$0.2 million.

For the year ended 31 March 2016, we had net cash from operating activities amounted to approximately HK\$7.5 million, primarily as a result of operating cash flows of approximately HK\$8.1 million before net positive changes in working capital of approximately HK\$1.0 million and tax payment of approximately HK\$1.6 million. Net positive change in working capital primarily consisted of combined effects of (i) the decrease in account receivables of approximately HK\$0.7 million; (ii) increase in prepayments and deposits of approximately HK\$2.5 million; and (iii) increase in accruals, receipts in advance and other payables of approximately HK\$2.8 million.

For the five months ended 31 August 2016, we had net cash from operating activities amounted to approximately HK\$0.2 million, primarily as a result of operating cash flows of approximately HK\$2.8 million before net negative changes in working capital of approximately HK\$2.0 million and tax payment of approximately HK\$0.6 million. Net negative change in working capital primarily consisted of combined effects of (i) the decrease in account receivables of approximately HK\$0.2 million; (ii) increase in prepayments and deposits of approximately HK\$0.8 million; and (iii) decrease in accruals, receipts in advance and other payables of approximately HK\$1.4 million.

Net cash used in investing activities

Net cash used in investing activities for the year ended 31 March 2014 was approximately HK\$4.2 million, which mainly represented the decrease in balance with shareholders of approximately HK\$4.3 million.

Net cash used in investing activities for the year ended 31 March 2015 was approximately HK\$1.5 million, which represented the decrease in balance with a shareholders of approximately HK\$0.4 million and payment to acquire property, plant and equipment of approximately HK\$1.1 million respectively.

Net cash used in investing activities for the year ended 31 March 2016 was approximately HK\$0.7 million, which represented the decrease in payment to acquire property, plant and equipment of approximately HK\$0.7 million respectively.

Net cash used in investing activities for the five months ended 31 August 2016 was approximately HK\$0.2 million, which represented the decrease in payment to acquire property, plant and equipment of approximately HK\$0.2 million.

Net cash used in financing activities

Net cash used in financing activities for the year ended 31 March 2014 was approximately HK\$8.0 million, mainly comprised of dividends paid of approximately HK\$2.7 million and repayment of borrowings of approximately HK\$5.2 million.

FINANCIAL INFORMATION

Net cash used in financing activities for the year ended 31 March 2015 was approximately HK\$7.5 million, solely represented of dividends paid of approximately HK\$7.5 million.

Net cash used in financing activities for the year ended 31 March 2016 was approximately HK\$1.4 million, which consisted of combined effects of (i) the proceeds from issuance of new shares of approximately HK\$3.0 million; (ii) dividends paid of approximately HK\$4.3 million; and (iii) interest paid of approximately HK\$70,000.

Net cash used in financing activities for the five months ended 31 August 2016 was approximately HK\$3.0 million, solely represented of dividends paid of approximately HK\$3.0 million.

CAPITAL EXPENDITURES

The following table sets forth our Group's historical capital expenditures for the periods indicated:

	Years ended 31 March			Five months ended
	2014	2015	2016	31 August
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Leasehold improvements	7	813	605	119
Furniture, fixtures and equipment	<u>50</u>	<u>291</u>	<u>107</u>	<u>36</u>
	<u>57</u>	<u>1,104</u>	<u>712</u>	<u>155</u>

Our Group financed its capital expenditure requirements primarily through cash generated from its operating activities.

Our Group's capital expenditure primarily consists of leasehold improvement and purchases of furniture, fixture and equipment as they are crucial to our business and operations as it affects our quality of teaching.

INDEBTEDNESS

Our Group had bank borrowings of approximately HK\$5.2 million and HK\$3.0 million during the years ended 31 March 2014 and 2016. These loans were fully repaid during the years ended 31 March 2014 and 2016 respectively. As at 31 March 2014, 2015 and 2016 and 31 August 2016, our Group had no outstanding bank borrowings.

As at the close of business 30 September 2016, being the latest practicable date prior to the printing of this prospectus for the purpose of this indebtedness statement, our Group had no outstanding bank borrowings, and did not have any unutilised banking facilities.

FINANCIAL INFORMATION

CONTINGENT LIABILITIES

As at the close of business on 30 September 2016, our Group had no material contingent liabilities.

DISCLAIMER

Save as disclosed in this prospectus, we did not have outstanding indebtedness or any loan capital issued or outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, guarantees or other contingent liabilities as of 30 September 2016, being our indebtedness statement date. Our Directors confirm that, as at the Latest Practicable Date, there is no material change in our Group's indebtedness since 30 September 2016.

COMMITMENTS

Operating lease commitments

As at 31 March 2014, 2015 and 2016 and 31 August 2016, our Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 March			As at
	2014	2015	2016	31 August
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Within one year	6,979	6,587	6,719	6,501
Within two to four years	<u>5,775</u>	<u>4,881</u>	<u>5,815</u>	<u>5,242</u>
	<u>12,754</u>	<u>11,468</u>	<u>12,534</u>	<u>11,743</u>

Our Group leases certain properties under operating leases. The leases generally run for an initial period of two to four years. Certain leasing arrangements have been subject to contingent rent by reference to monthly turnover throughout the leasing periods. The minimum guaranteed rental has been used to arrive at the above commitments. Certain personal guarantees given by Mr. Cheung to leasing arrangements have been released during the year ended 31 March 2016. One of the personal guarantee provided by Mr. Cheung to leasing arrangement will be released upon the Listing. No contingent rent has been paid for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016. Our Group has procured the release of all such personal guarantees provided by Mr. Cheung for us upon the Listing.

Capital Commitments

As at 31 March 2014, 2015 and 2016 and 31 August 2016, our Group did not have any significant capital commitments.

FINANCIAL INFORMATION

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Save for the operating lease commitment as lessee of approximately HK\$11.7 million mentioned above, our Group has not entered into, nor do we expect to enter into, any off balance sheet commitments as at 31 August 2016.

SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources available to our Group, including internally generated funds and the estimated net proceeds from Share Offer, our Directors are of the opinion that our Group has sufficient working capital and financial resources to meet its capital expenditure and working capital requirements for at least 12 months from the date of this prospectus.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 August 2016 (being the date to which the latest audited consolidated financial statements of our Group were made up) up to the date of this prospectus.

DIVIDENDS POLICY

For each of the three preceding financial years ended 31 March 2016 and the five months ended 31 August 2015 and 2016, our Group declared dividends of approximately HK\$2.7 million, HK\$13.5 million, HK\$3.0 million, nil and HK\$3.4 million respectively. The amounts due from shareholders as at 31 March 2016 of approximately HK\$0.4 million were fully settled by setting off against this special dividends. Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position arising out of the dividend payments. Dividends may be paid out by way of cash or by other means that our Group considers appropriate. Declaration and payment of any dividends would require the recommendation of our Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including our results of operations, financial condition, and the payment by our subsidiaries of cash dividends to us; and other factors our Board may deem relevant. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The 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 our Board in the future.

DISTRIBUTABLE RESERVES

As at 31 August 2016, there was no distributable reserve of our Company available for distribution to our Shareholders.

RELATED PARTY TRANSACTIONS

With respect to the related parties transactions set out in note 25 of the Accountants' Report in Appendix I to this prospectus, our Directors believe that such transactions were conducted on normal commercial terms and such terms were no less favourable to our Group than terms available to Independent Third Parties and were fair and reasonable and in the interests of our Shareholders as a whole.

LISTING EXPENSES

Excluding the mentioned effect of prepayment written-off regarding the previous listing exercise of approximately HK\$1.4 million recorded in year ended 31 March 2015, our Directors estimate that the total amount of expenses in relation to the Listing borne by us is approximately HK\$18.0 million assuming the Offer Size Adjustment Option is not exercised and assuming an Offer Price of HK\$0.22 per Offer Share, being the mid-point of the indicative Offer Price range. Of the amount of approximately HK\$18.0 million, approximately HK\$5.8 million is directly attributable to the issue of the Shares and is expected to be accounted for as a deduction from equity upon Listing. The amount of approximately of HK\$6.3 million and HK\$0.6 million has been charged in the profit or loss for the year ended 31 March 2016 and the five months ended 31 August 2016 respectively, and the remaining amount of approximately HK\$5.3 million, shall be charged to profit or loss after the Track Record Period for the year ending 31 March 2017. Expenses in relation to the Listing are non-recurring in nature. **Our Directors wish to inform our Shareholders and potential investors that our Group's financial performance and results of operations for the year ending 31 March 2017 will be significantly affected by the estimated expenses in relation to the Listing.**

FINANCIAL RISK

Our Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations. The financial risks include interest rate risk, foreign currency risk, credit risk, liquidity risk and operation cost risk. The most significant financial risks to which our Company is exposed are described below.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As our Group has no significant interest-bearing assets and liabilities, our Group's income and operating cash flows are substantially independent of changes in market interest rates.

ii) Foreign currency risk

Foreign currency risk refers to the risk that the fair value or cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

FINANCIAL INFORMATION

As our Group's revenue and expenses are mainly in HK\$ and most of our Group's assets and liabilities are denominated in HK\$, which is the functional currency of our Group's major operating entities, the foreign currency risk resulting from our Group's daily operations is considered insignificant.

Our Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

iii) Credit risk

Credits risk relates to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to our Group.

In order to minimise the credit risk, the management of our Group reviews the recoverable amount of each individual debt periodically and at each reporting date to ensure that adequate impairment loss is made for irrecoverable amounts. In this regards, the management of our Group considers that our Group's credit risk is significantly reduced.

Our Group's management considers that all the above financial assets that are not impaired under review are of good credit quality, including those that are past due. The credit risk for cash at banks is regarded as immaterial as they are deposited with major banks located in Hong Kong.

None of our Group's financial assets are secured by collateral or other credit enhancement.

iv) Liquidity risk

Liquidity risk relates to the risk that our Group will not be able to meet obligations associated with its financial liabilities. Our Group is exposed to liquidity risk in respect of settlement of accruals, other payables and amount due to a shareholder, and also in respect of its cash flow management. Our Company's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term. The financial liabilities of our Group are all due within twelve months at the reporting date.

Fair values of financial instruments

The notional amounts of financial assets and financial liabilities with a maturity of less than one year (including account receivables, deposits, amounts due from/(to) shareholders, cash and cash equivalents, accruals and other payables) are assumed to approximate their fair values.

FINANCIAL INFORMATION

Capital management

The primary objectives of our Group's capital management are to safeguard our Group's ability to continue as going concern and to maintain reasonable capital ratios in order to support its business and maximise shareholders' value.

Our Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of our Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Management regards total equity as capital. The amount of capital as at 31 March 2014, 2015 and 2016 and 31 August 2016 amounted to approximately HK\$14,353,000, HK\$10,017,000, HK\$15,378,000 and HK\$13,921,000 respectively, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

v) **Operation cost risk exposure**

The table below summaries the sensitivity of our profit after tax as a result of changes in (i) employee benefit expenses; and (ii) operating lease expenses with other variables remain constant:

	For the year ended 31 March			For the five months ended 31 August	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)				
Employee benefit expenses					
(decrease)/increase	Impact to our net profit for the year/period				
(10)%	1,176	1,082	1,132	467	489
(5)%	588	541	566	234	245
5%	(588)	(541)	(566)	(234)	(245)
10%	(1,176)	(1,082)	(1,132)	(467)	(489)
Operating lease expenses					
	Impact to our net profit for the year/period				
(10)%	528	592	654	278	265
(5)%	264	296	327	139	132
5%	(264)	(296)	(327)	(139)	(132)
10%	(528)	(592)	(654)	(278)	(265)

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For the unaudited pro forma adjusted net tangible assets of our Group prepared in accordance with paragraph 7.31 of the GEM Listing Rules for illustrating the effect of the Share Offer on the consolidated net tangible assets of our Group as if the Share Offer had taken on 31 March 2016, please refer to Appendix II to this prospectus for details.

DISCLOSURE UNDER CHAPTER 17 OF THE GEM LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to any disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

CONTROLLING SHAREHOLDERS

Immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme), Digital Achiever (which is wholly-owned by Mr. Cheung) will hold 166,810,000 Shares, representing approximately 33.36% of the issued share capital of our Company, and Golden Dust (which is wholly-owned by Mr. Cheung Luk Sun) will hold 166,740,000 Shares, representing approximately 33.35%. Digital Achiever and Golden Dust are expected to control approximately 66.71% of the total issued share capital of our Company upon the Listing in light of Mr. Cheung and Mr. Cheung Luk Sun having signed a confirmation confirming they are acting in concert with each other under the definition in the Takeovers Code. Accordingly, Digital Achiever, Golden Dust, Mr. Cheung and Mr. Cheung Luk Sun are a group of Controlling Shareholders of our Company.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Our Directors are satisfied that our Group is capable of operating independently of our Controlling Shareholders and their respective associates after Listing on the basis of the following information:

Management independence

The day-to-day management and operation of the business of our Group will be the responsibility of all of our executive Directors and senior management personnel of our Company. Our Board has seven Directors comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. Mr. Cheung, our executive Director, is also one of the ultimate Controlling Shareholders. Ms. Chan Hoi Ying Karina, our executive Director, is the spouse of Mr. Cheung. Save for Mr. Cheung, and Mr. Cheung Luk Sun, none of the other Directors nor other members of our senior management is a Controlling Shareholder.

We consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) each of our 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 interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
- (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 associates, the interested Director(s) will abstain from voting at the relevant board meetings of our Company in respect of such transactions and will not be counted in the quorum;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (c) all our independent non-executive Directors, namely Mr. Chan Hoi Keung Terence, Mr. Sek Ngo Chi and Mr. Ho Kin, are sufficiently experienced and capable of monitoring the operation of our Group independently of our Controlling Shareholders; and
- (d) each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that, so long as the Shares remain to be listed and traded on GEM, he/it shall not and shall procure that the relevant registered holder(s) shall not exercise the right to request our Board to appoint the person(s) nominated by him/it as to be a director/director(s) of our Company, nor shall he/it vote for any resolution proposed at the general meeting of our Company in relation to the appointment of the person(s) nominated by him/it as to be a director/director(s) of our Company.

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. Our Group has not shared any operational resources, such as office premises, sales and marketing and general administration resources with our Controlling Shareholders and their associates. Our Group has also established a set of internal controls to facilitate the effective operation of our business.

Save for the entering into of the B10 Lease Agreement with Mr. Cheung and Mr. Cheung Luk Sun and the entering into of the B96B Lease Agreement with Mr. Cheung Luk Sun and Mr. Cheung Chuen (please refer to the section headed “Connected transactions” of this prospectus for further details), our suppliers and customers are all independent from our Controlling Shareholders. We do not rely on our Controlling Shareholders or their associates. We have our independent access to our students and our suppliers for the provision of services and materials, and we have an independent management team to handle our day-to-day operations.

Financial independence

On 24 March 2015, our Group was granted a bank facility of HK\$3,000,000. The bank facility was secured by a personal guarantee jointly provided by Mr. Cheung and Mr. Cheung Luk Sun, our Controlling Shareholders. The bank loan was fully repaid subsequently on 23 October 2015, and on the same date, the personal guarantee provided by the shareholders was also released accordingly. In addition, Mr. Cheung had also given personal guarantee to certain leasing arrangements. Our Group had procured the release of all such personal guarantees provided by Mr. Cheung for us upon the Listing.

Save as disclosed above, our Group has its own financial management system, internal control and accounting systems, accounting and finance department, independent treasure function for cash receipts and payments, and the ability to operate independently from our Controlling Shareholders from a financial perspective.

RELATIONSHIP WITH 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 the Listing, our Group will be capable of obtaining financing from external sources independently without the support of our Controlling Shareholders.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders (each a “**Covenantor**” and collectively, the “**Covenantors**”) entered into the Deed of Non-Competition in favour of our Company prior to the Listing, under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, warranted and undertaken to our Company (for ourselves and as trustee for and on behalf of our subsidiaries) that:

- (a) each of the Covenantors shall not, and shall procure each of his/its close associates and/or companies controlled by him/it, whether on his/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, agent 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 private tutoring services and businesses ancillary to any of the foregoing), in Hong Kong, the PRC and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on business mentioned above from time to time (the “**Restricted Business**”). Each of the Covenantors has represented and warranted to our Group that neither he/it nor any of his/its close associates is currently interested, involved or engaging, directly or indirectly, in (whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) the Restricted Business otherwise than through our Group;
- (b) 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, in any event not later than seven 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 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 opportunity is offered to him/it and/or his/its close associates; and
- (c) 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

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

notice from the Covenantors, the Covenantors and/or his/its close associates shall be permitted to invest in or participate in the New Business Opportunity on his/its own accord. The Covenantors also agree to extend the 30 Business Days to a maximum of 60 Business Days if our Company requires so by giving a written notice to the Covenantors within the 30-day Offering Period.

In addition, upon the Listing, each of the Covenantors has also undertaken:

- (i) in favour of our Company to provide our Company and our Directors from time to time (including our independent non-executive Directors) with all information necessary, including but not limited to monthly turnover records and any other relevant documents considered necessary by our independent non-executive Directors, for the annual review by our independent non-executive Directors with regard to compliance of the terms of the Deed of Non-Competition and the enforcement of the non-competition undertakings in the Deed of Non-Competition;
- (ii) to provide to our Company, (if necessary) after the end of each financial year of our Company, a declaration made by each of the Covenantors which shall state whether or not the Covenantors have during that financial year complied with the terms of the Deed of Non-Competition, and if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in the annual report of our Company for the relevant financial year, such annual declaration shall be consistent with the principles of making voluntary disclosures in the corporate governance report; and
- (iii) to our Group to allow our Directors (including our independent non-executive Directors), their respective representatives and the auditors to have sufficient access to the records of the Covenantors and his/its close associates to ensure their compliance with the terms and conditions under the Deed of Non-Competition.

Further, each of the Covenantors has undertaken that during the period in which he/it and/or his/its close associates, individually or taken as a whole, remains as a Controlling Shareholder:

- (i) he/it will not invest or participate in any project or business opportunity that competes or may compete, directly or indirectly, with the business activities engaged by our Group from time to time unless pursuant to the provisions stipulated in the Deed of Non-Competition;
- (ii) he/it will not solicit any existing or then existing employee of our Group for employment by him/it or his/its close associates (excluding our Group);
- (iii) he/it will not without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to his/its knowledge in his/it capacity as our Controlling Shareholder for any purposes; and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (iv) he/it will procure his/its close associates (excluding our Group) not to invest or participate in any project or business opportunity mentioned above unless pursuant to the provisions stipulated in the Deed of Non-Competition.

The above undertakings (i) and (iv) are subject to the exception that any of the Covenantors and their respect close associates (excluding our Group) are entitled to invest, participate and be engaged in any Restricted Business or any project or business opportunity, regardless of value, which has been offered or made available to our Group, provided also that information about the principal terms thereof has been disclosed to our Company and our Directors, and our Company shall have, after review and approval by our Directors (including our independent non-executive Directors without the attendance by any Director with beneficial interest in such project or business opportunities, in which resolutions have been duly passed by the majority of our independent non-executive Directors), confirmed its rejection to be involved or engaged, or to participate, in the relevant Restricted Business and provided also that the principal terms on which that the Covenantors and/or his/its respective close associates invests, participates or engages in the Restricted Business are substantially the same as or not more favourable than those disclosed to our Company. Subject to the above, if the Covenantors and/or his/its respective close associates decides to be involved, engaged, or participated in the relevant Restricted Business, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to our Company and our Directors as soon as practicable.

The non-competition undertaking will take effect from the date on which dealings in the Shares first commence on GEM and will cease to have any effect upon the earliest of the date on which (i) such Covenantors and his/its close associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital in our Company directly or indirectly or cease to be deemed as our Controlling Shareholder and do not have power to control our Board or there is at least one other independent Shareholder other than the Covenantors and/or his/its respective close associates holding more shares than the Covenantors and his/its respective close associates taken together; or (ii) the shares cease to be listed and traded on GEM or other recognised stock exchange.

In order to strengthen the corporate governance and to effectively monitor the observance under the Deed of Non-Competition in respect of the potential conflict of interests between our Group and the Covenantors, upon the Listing:

- (1) our Company will disclose in the annual reports the compliance and enforcement of the undertakings by the Covenantors in respect of the Deed of Non-Competition and the appropriate action to be taken by our Company;
- (2) our Company will disclose the details and basis of the decisions on the matters reviewed by our independent non-executive Directors in relation to the compliance and enforcement of arrangement of the New Business Opportunity in the annual reports;
- (3) our independent non-executive Directors will be responsible for deciding, in the absence of any executive Director (except as invited by our independent non-executive Directors to assist them or provide any relevant information, but in no

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

circumstances shall our executive Director(s), who participate in such meeting, be counted towards the quorum or allowed to vote in such meeting), whether or not to take up, or whether or not to allow any Covenantor(s) or his/its close associate(s) to participate in, a New Business Opportunity referred to us under the terms of the Deed of Non-Competition from time to time and if so, any conditions to be imposed;

- (4) our Board will ensure reporting any event relating to potential conflict of interests to our independent non-executive Directors as soon as practicable when it realises or suspects any event relating to potential conflict of interests may occur during the daily operations;
- (5) following the reporting of any event relating to potential conflict of interests, our Board will hold a management meeting to review and evaluate the implications and risk exposures of such event and the compliance of the GEM Listing Rules in order to monitor any irregular business activities and alert our Board, including our independent non-executive Directors, to take any precautions actions; and
- (6) in the event that there is any potential conflict of interest relating to the business of our Group between our Group and our Controlling Shareholders, the interested Directors, or as the case may be, our Controlling Shareholders would, according to the Articles or the GEM Listing Rules, be required to declare his/its interests and, where required, abstain from voting in the relevant board meeting and/or general meeting on the transaction and not count as quorum where required.

RULE 11.04 OF THE GEM LISTING RULES

Our Controlling Shareholders, our Substantial Shareholders, our Directors and their respective close associates do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

UNDERTAKINGS

Pursuant to the Controlling Shareholders' No-nomination Undertaking, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that, so long as the Shares remain to be listed and traded on GEM, he/it shall not and shall procure that the relevant registered holder(s) shall not exercise the right to request our Board to appoint the person(s) nominated by him/it as to be a director/director(s) of our Company, nor shall he/it vote for any resolution proposed at the general meeting of our Company in relation to the appointment of the person(s) nominated by him/it as to be a director/director(s) of our Company.

In addition to the undertaking by our Controlling Shareholders under Rules 13.16A(1)(a) and 13.19 of the GEM Listing Rules, our Controlling Shareholders have voluntarily undertaken to extend such lock-up period for an additional 18 months under the Controlling Shareholders' Non-disposal Undertaking. Pursuant to the Controlling

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Shareholders' Non-disposal Undertaking, each of our Controlling Shareholders has undertaken to our Company and the Stock Exchange that during the period commencing from the date of this prospectus and ending on the date falling 24 months from the Listing Date,

- (a) he/it shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which he/it is or they are shown by this prospectus to be the beneficial owner(s); and
- (b)
 - (i) in the event that he/it pledges or charges any direct or indirect interest in the Shares 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, inform our Company immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rule; and
 - (ii) having pledged or charged any interest in the Shares under (i) above, inform our Company immediately in the event that he/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company and each of our Controlling Shareholders has also given certain undertakings in respect of our Shares to the Sponsor and the Joint Lead Managers, details of which are set out under the section headed "Underwriting" of this prospectus.

CORPORATE GOVERNANCE MEASURES

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

- (1) the Articles provide that a Director shall not be counted in the quorum or vote on any resolutions of our 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;
- (2) our audit committee will review, on an annual basis, compliance with the Deed of Non-Competition given by our Controlling Shareholders;
- (3) 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;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (4) our Company will disclose decisions 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;
- (5) 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;
- (6) our independent non-executive Directors will be responsible for deciding whether or not to allow any Controlling Shareholder and/or his/its close associates to be involved in or participate in a Restricted Business and if so, specifying any condition to be imposed; and
- (7) our Company appointed Kingsway Capital as the compliance adviser which shall provide our Company with professional advice and guidance in respect of compliance with the GEM Listing Rules and applicable laws.

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

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

CONNECTED TRANSACTIONS

CONNECTED PERSONS

Mr. Cheung is our executive Director, chief executive officer and chairman of our Group and one of our Controlling Shareholders, and brother of Mr. Cheung Luk Sun. Mr. Cheung Luk Sun is a member of senior management and one of our Controlling Shareholders, and brother of Mr. Cheung. Mr. Cheung Chuen is the father of each of Mr. Cheung and Mr. Cheung Luk Sun. Mr. Cheung Chuen is neither a Director, chief executive nor Substantial Shareholder of our Company, but only an associate of our Directors. As such, Mr. Cheung, Mr. Cheung Luk Sun and Mr. Cheung Chuen are connected persons of our Company upon the Listing.

CONTINUING CONNECTED TRANSACTIONS

During the Track Record Period, we had entered into the following transactions with the relevant connected persons of our Company which will continue after Listing, constituting continuing connected transactions on the part of our Company but exempted from reporting, annual review, announcement and independent Shareholders' approval requirements under Rule 20.74(1) of the GEM Listing Rules. Details of the transactions are set out below:

a. The B10 Lease Agreement

Background and principal terms

Bright Union, a subsidiary of our Company, as tenant, entered into a lease agreement dated 1 February 2012 (the “**B10 Lease Agreement**”) with Mr. Cheung and Mr. Cheung Luk Sun, pursuant to which Mr. Cheung and Mr. Cheung Luk Sun as joint landlords agreed to lease a property located at B10, 1/F, Goodrich Garden Shopping Arcade, 9 Leung Tak Street, Tuen Mun, New Territories, Hong Kong (“**Unit B10**”) with a saleable area of approximately 334 sq. ft. to Bright Union (as tenant), for a monthly rental fee of HK\$10,000 (inclusive of government rates and property tax), for use as tutorial centre for a period of three years and eleven months commencing from 1 February 2012 and expiring on 31 December 2015.

The B10B Lease Agreement was renewed by Bright Union and the joint landlords under the B10B Lease Agreement on 28 December 2015 for a term of two years and three months effective from 1 January 2016 until 31 March 2018.

CONNECTED TRANSACTIONS

Historical transaction amounts, proposed annual caps and basis of determination

The historical amounts paid by our Group under the B10 Lease Agreement during the Track Record Period and the proposed annual caps contemplated under the B10 Lease Agreement are set out below:

Historical figures (HK\$)			For the five	Proposed annual caps (HK\$)	
For the year ended 31 March			months ended	For the year ending 31 March	
2014	2015	2016	31 August 2016	2017	2018
120,000	120,000	120,000	50,000	120,000	120,000

The proposed annual caps with respect to the B10 Lease Agreement were determined by the parties thereto on an arm's length basis, and based on, among others, the prevailing market rent for similar premises in the vicinity at the time and the historical transaction amounts. Our Directors (including independent non-executive Directors) have reviewed the B10 Lease Agreement and are of the view that the entering into of the B10 Lease Agreement is in the ordinary and usual course of business and in the interest of our Shareholders as a whole and the terms therein are normal commercial terms, and are fair and reasonable.

b. The B96B Lease Agreement

Background and principal terms

Bright Union, a subsidiary of our Company, as tenant entered into a lease agreement dated 1 February 2012 (the “**B96B Lease Agreement**”, together with the B10 Lease Agreement, the “**Lease Agreements**”) with Mr. Cheung Luk Sun and Mr. Cheung Chuen, pursuant to which Mr. Cheung Luk Sun and Mr. Cheung Chuen as joint landlords agreed to lease a property located at B96B, 1/F, Goodrich Garden Shopping Arcade, 9 Leung Tak Street, Tuen Mun, New Territories, Hong Kong (“**Unit B96B**”) with a saleable area of approximately 245 sq. ft. to Bright Union (as tenant), for a monthly rental fee of HK\$10,000 (inclusive of government rates and property tax), for use as tutorial centre for a period of three years and eleven months commencing from 1 February 2012 and expiring on 31 December 2015.

The B96B Lease Agreement was renewed by Bright Union and the joint landlords under the B96B Lease Agreement on 28 December 2015 for a term of two years and three months effective from 1 January 2016 until 31 March 2018.

CONNECTED TRANSACTIONS

Historical transaction amounts, proposed annual caps and basis of determination

The historical amounts paid by our Group under the B96B Lease Agreement during the Track Record Period and the proposed annual caps contemplated under the B96B Lease Agreement are set out below:

Historical figures (HK\$)			For the five	Proposed annual caps (HK\$)	
For the year ended 31 March			months ended	For the year ending 31 March	
2014	2015	2016	31 August 2016	2017	2018
120,000	120,000	120,000	50,000	120,000	120,000

The proposed annual caps with respect to the B96B Lease Agreement were determined by the parties thereto on an arm's length basis, and based on, among others, the prevailing market rent for similar premises in the vicinity at the time and the historical transaction amounts. Our Directors (including independent non-executive Directors) have reviewed the B96B Lease Agreement and are of the view that the entering into of the B96B Lease Agreement is in the ordinary and usual course of business and in the interest of our Shareholders as a whole and the terms therein are normal commercial terms, and are fair and reasonable.

Valuer's views

Everbright Surveyors Limited, our independent property valuer, has reviewed the Lease Agreements; the rent per sq. ft. for Unit B10 and Unit B96B are HK\$29.9 and HK\$40.8, respectively, which is due to their respective location in the shopping arcade and the difference in the saleable area of approximately 36% with only a difference in rent per sq. ft. of approximately 27%. Everbright Surveyors Limited confirmed that the rents are at the prevailing market rents or lower for similar premises in the vicinity and are considered fair and reasonable.

GEM Listing Rules implications

As one or more of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in respect of the transactions under each of the Lease Agreements are on an annual basis more than 0.1% but less than 5% and the aggregate annual amount for such payments is less than HK\$3,000,000; the transaction under each of the Lease Agreements is considered to be de minimis transactions upon the Listing and will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Given that (i) Mr. Cheung Luk Sun is the brother of Mr. Cheung, our executive Director; and (ii) Mr. Cheung Chuen is the father of Mr. Cheung, both Mr. Cheung Luk Sun and Mr. Cheung Chuen are associates of Mr. Cheung; in this respect, the transaction under each of the Lease Agreements shall be aggregated as if they were one transaction. As one of more of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules in respect of the transactions under the Lease Agreements, as aggregated, are on an annual basis more than 0.1% but less than 5% and the aggregate

CONNECTED TRANSACTIONS

annual amount for such payments is less than HK\$3,000,000; the transactions under the Lease Agreements, as aggregated, are considered to be de minimis transaction upon Listing and will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

REASONS FOR THE ENTERING INTO OF THE CONTINUING CONNECTED TRANSACTIONS

Despite the relatively low utilisation rate of Goodrich centre during the Track Record Period, our Company will continue to lease Goodrich centre for the following reasons: (i) Goodrich centre was not loss-making during the Track Record Period; (ii) the centre has historical significance for our Group being our first centre (commencing in business in March 1999); (iii) the leasing of this centre is not a new transaction but a renewal of an existing arrangement subject to compliance with the GEM Listing Rules on and after the Listing; (iv) the Lease Agreements are considered to be de minimis transaction and our Directors have expressed their views as set out below; and (v) Goodrich centre still serves as part of our network and can be used if capacity is needed due to future development in the district.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions described above have been entered into on normal commercial terms and in the ordinary and usual course of business of our Group, and such transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

SHARE CAPITAL

SHARE CAPITAL

The table as shown below assumes that the Share Offer and the Capitalisation Issue have become unconditional and the issue of shares pursuant thereto is made as described herein. It does not take into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme.

The authorised and issued share capital in our Company before and following the completion of the Share Offer and the Capitalisation Issue are as follows:

<i>Authorised share capital:</i>		<i>HK\$</i>
2,000,000,000	Shares	20,000,000
<i>Shares in issue or to be issued, fully paid or credited as fully paid:</i>		
5,000	Shares in issue as at the date of this prospectus	50
349,995,000	Shares to be issued pursuant to Capitalisation Issue	3,499,950
<u>150,000,000</u>	new Shares to be issued pursuant to the Share Offer	<u>1,500,000</u>
<u>500,000,000</u>	Total	<u>5,000,000</u>

Assuming the Offer Size Adjustment Option is exercised in full, the issued share capital of our Company immediately after completion of the Capitalisation Issue and the Share Offer will be HK\$5,225,000 divided into 522,500,000 Shares.

ASSUMPTIONS

The table as shown above assumes the Share Offer becoming unconditional and the allotment and issue of Shares pursuant thereto and under the Capitalisation Issue is 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 and the exercise of any options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or bought back by our Company pursuant to the general mandate given to our Directors to allot and issue or buy back shares referred to in the paragraph headed “General mandate to issue shares” or the paragraph headed “General mandate to buy back shares” in this section, as the case may be.

MINIMUM PUBLIC FLOAT

The pre-IPO investor will be considered a public Shareholder as it holds less than 10% of the issued share capital of our Company upon completion of the Share Offer and the Capitalisation Issue and the Shares held by the pre-IPO investor will form part of the public float. Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the total 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 respects with all the shares in issue or to be issued as mentioned in this prospectus and will qualify for all dividends and other distributions declared, paid or made on the shares in respect of a record date which falls after the Listing Date (except for the entitlement under the Capitalisation Issue).

SHARE OPTION SCHEME

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

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the section headed “Structure and conditions of the Share Offer — Conditions of the Share Offer” of this prospectus being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders) shall not exceed:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue; and
- (b) the aggregate nominal value of the share capital of our Company bought back pursuant to the authority granted to our Directors as referred to in the paragraph headed “General mandate to buy back shares” in this section.

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

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

SHARE CAPITAL

For further details of this general mandate, please refer to the section headed “Further information about our Group — Written resolutions of our Shareholders dated 3 November 2016” in Appendix IV to this prospectus.

GENERAL MANDATE TO BUY BACK SHARES

Subject to the conditions set forth in the section headed “Structure and conditions of the Share Offer” of this prospectus being fulfilled, our Directors have been granted a general mandate to exercise all the powers of our Company to purchase on the Stock Exchange 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, such number of shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme).

For further details of this general mandate, please refer to the section headed “Further information about our Group — Buy-back by our Company of its own securities” 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 Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its share capital, (ii) consolidate and divide 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 the share capital or capital redemption reserve by our Shareholders passing a special resolution. For further details, please refer to the section headed “Articles of Association — Shares — Alteration of capital” in Appendix III to this prospectus.

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the Shares or any class of 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 the shares of that class. For further details, please refer to the section headed “Articles of Association — Shares — Variation of rights of existing shares or classes of shares” in Appendix III to this prospectus.

SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and 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 the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Long position in our Shares

Name	Capacity/Nature of interest	As at the Latest Practicable Date		Immediately after completion of the Share Offer and the Capitalisation Issue	
		Number of Share held	Percentage of shareholding	Number of Shares held	Approximate percentage of shareholding
Digital Achiever	Beneficial owner ^(Note 1)	1	100%	166,810,000	33.36%
Mr. Cheung	Interest in controlled corporation ^(Note 1)	1	100%	166,810,000	33.36%
Ms. Chan Hoi Ying Karina	Interest of spouse ^(Note 2)	1	100%	166,810,000	33.36%
Golden Dust	Beneficial owner ^(Note 3)	—	—	166,740,000	33.35%
Mr. Cheung Luk Sun	Interest in controlled corporation ^(Note 3)	—	—	166,740,000	33.35%
Ms. Wong Sau Yee Margaret	Interest of spouse ^(Note 4)	—	—	166,740,000	33.35%

Notes:

1. The entire issued share capital of Digital Achiever is legally and beneficially owned by Mr. Cheung. Mr. Cheung is deemed to be interested in the Shares in which Digital Achiever is interested in under Part XV of the SFO.
2. Ms. Chan Hoi Ying Karina is the spouse of Mr. Cheung. Ms. Chan Hoi Ying Karina is deemed to be interested in all the Shares in which Mr. Cheung is interested in under Part XV of the SFO.
3. The entire issued share capital of Golden Dust is legally and beneficially owned by Mr. Cheung Luk Sun. Mr. Cheung Luk Sun is deemed to be interested in the Shares in which Golden Dust is interested in under Part XV of the SFO.
4. Ms. Wong Sau Yee Margaret is the spouse of Mr. Cheung Luk Sun. Ms. Wong Sau Yee Margaret is deemed to be interested in all the Shares in which Mr. Cheung Luk Sun is interested in under Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS

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

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

Our Board currently consists of seven Directors, comprising two executive Directors, two non-executive Directors and three independent non-executive Directors. Our Directors are supported by our senior management in the day-to-day management of our business. The following table sets out information regarding our Directors and our senior management:

DIRECTORS

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Responsibilities	Relationship with other Directors and senior management
Mr. Cheung Lick Keung (張力強)	38	Chief executive officer, chairman and executive Director	January 2008	Appointed as a Director on 19 October 2015, and re-designated as an executive Director on 26 November 2015	Responsible for formulating corporate strategy, business development, and overseeing the operations of our Group's business	Spouse of Ms. Chan Hoi Ying Karina, and brother of Mr. Cheung Luk Sun
Ms. Chan Hoi Ying Karina (陳凱盈)	37	Executive Director	April 2012	Appointed as an executive Director on 26 November 2015	Responsible for overseeing the overall administration, human resources and internal control of our Group	Spouse of Mr. Cheung, and sister-in-law of Mr. Cheung Luk Sun
Mr. Tsang Hin Man Terence (曾憲文)	54	Non-executive Director	March 2016	Appointed as a non-executive Director on 8 March 2016	Responsible for monitoring the legal compliance of our Group	N/A
Ms. Wong Yi Ling (黃綺玲)	48	Non-executive Director	March 2016	Appointed as a non-executive Director on 8 March 2016	Responsible for monitoring the compliance of our Group with the Education Ordinance	N/A
Mr. Chan Hoi Keung Terence (陳海強)	49	Independent non-executive Director	November 2016	Appointed as an independent non-executive Director on 3 November 2016	Responsible for overseeing the management of our Group independently	N/A
Mr. Sek Ngo Chi (石傲枝)	39	Independent non-executive Director	November 2016	Appointed as an independent non-executive Director on 7 November 2016	Responsible for overseeing the management of our Group independently	N/A
Mr. Ho Kin (何健)	32	Independent non-executive Director	November 2016	Appointed as an independent non-executive Director on 3 November 2016	Responsible for overseeing the management of our Group independently	N/A

Executive Directors

Mr. CHEUNG Lick Keung (張力強先生) (“Mr. Cheung”), aged 38, is one of our Controlling Shareholders. Mr. Cheung was re-designated as an executive Director, and appointed as the chief executive officer of our Company and the chairman of our Board on 26 November 2015. Mr. Cheung is also a director of various subsidiaries of our Group. Mr. Cheung is responsible for formulating corporate strategy, business development as well as overseeing the operations of our Group's business. Prior to the incorporation of our Company, Mr. Cheung has been the director of Bright Union since 2008.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheung obtained the certificate of registration as a teacher and is registered as a teacher under section 45(1) of the Education Ordinance in March 2001, which has no expiry date. Mr. Cheung obtained a Certificate in Primary Education (Chinese) from The Hong Kong Institute of Education (now known as The Education University of Hong Kong) in December 2000, a Bachelor of Education in Primary Education (English Strand) from The Open University of Hong Kong in June 2005, and a Master of Education from The University of Hong Kong in December 2009. Mr. Cheung has extensive experience in the education industry. From September 2000 to August 2005, he had been a Certificated Master grade teacher at a primary school. From February 2005 to February 2008, he was a director of Elegant Fame. Mr. Cheung joined Logic Tutorial Centre in September 2005 as a full-time tutor. Mr. Cheung is responsible for overseeing the daily operations of our Group.

Mr. Cheung is the spouse of Ms. Chan Hoi Ying Karina, an executive Director and the brother of Mr. Cheung Luk Sun, one of our Controlling Shareholders and a member of our senior management. Save as disclosed, Mr. Cheung is not connected with any other Directors, senior management, Controlling Shareholders or Substantial Shareholders of our Company.

Mr. Cheung had been a director of Gain Vantage International Development Limited (“**Gain Vantage**”) from October 2003 to May 2007. Gain Vantage was a snack food company incorporated in Hong Kong with limited liability. As confirmed by Mr. Cheung, since the business of Gain Vantage was not as profitable as that of Elegant Fame, Mr. Cheung decided to give up the business of Gain Vantage and concentrated on that of Elegant Fame. Gain Vantage applied to be dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance and was duly dissolved on 4 May 2007. Mr. Cheung confirmed that the deregistration of Gain Vantage was conducted in accordance with the relevant statutory requirements under the Predecessor Companies Ordinance, including (i) all the members agreed to the deregistration of Gain Vantage; (ii) Gain Vantage had ceased to carry on business for more than three months immediately before the application; and (iii) Gain Vantage had no outstanding liabilities.

During the three years immediately preceding the Latest Practicable Date, Mr. Cheung had not been a director of any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Ms. CHAN Hoi Ying Karina (陳凱盈女士) (“Ms. Chan”), aged 37, is an executive Director and our compliance officer. She was appointed as an executive Director on 26 November 2015. She is responsible for the overall administration, human resources and internal control of our Group.

Ms. Chan obtained the certificate of registration as a teacher and is registered as a teacher under section 45(1) of the Education Ordinance in November 2000, which has no expiry date. Ms. Chan obtained a Certificate in Primary Education (Chinese) from The Hong Kong Institute of Education (now known as The Education University of Hong Kong) in December 2000, and a Bachelor of Education in Primary Education from The Open University of Hong Kong in June 2004. Ms. Chan has extensive teaching experience and she had been a Certificated Mistress grade teacher at a primary school from September

DIRECTORS AND SENIOR MANAGEMENT

2000 to August 2011 where she was the panel head of English subject when she resigned in August 2011. Since her resignation from the primary school, Ms. Chan did not undertake any formal job prior to joining our Group in April 2012.

Ms. Chan is the spouse of Mr. Cheung, an executive Director, the chief executive of our Company, the chairman of our Board and one of our Controlling Shareholders, and the sister-in-law of Mr. Cheung Luk Sun, one of our Controlling Shareholders and a member of our senior management. Save as disclosed, Ms. Chan is not connected with any other Directors, senior management, Controlling Shareholders or Substantial Shareholders of our Company.

During the three years immediately preceding the Latest Practicable Date, Ms. Chan had not been a director of any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Non-executive Directors

Mr. TSANG Hin Man Terence (曾憲文先生) (“Mr. Terence Tsang”), aged 54, is our non-executive Director. Mr. Terence Tsang was appointed as our non-executive Director on 8 March 2016. He is responsible for monitoring the legal compliance of our Group. Mr. Terence Tsang is also a member of our internal control team, which shall be responsible for reviewing the marketing and teaching materials of our Group.

Mr. Terence Tsang obtained a Bachelor of Science in Engineering from the University College London, the University of London in August 1986. He obtained a Bachelor of Laws from the Polytechnic of Central London (now known as the University of Westminster) in July 1989. Mr. Terence Tsang was admitted as a solicitor in Hong Kong in November 1993 and is currently a practising solicitor and the sole proprietor of the law firm, H.M. Tsang & Co.

Mr. Terence Tsang was a non-executive director of Winto Group (Holdings) Limited, a company listed on GEM (stock code: 8238) from March 2014 to May 2016, and an independent non-executive director of China Investment and Finance Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1226) from April 2014 to June 2016. He is an independent non-executive director of each of Lee & Man Handbags Holding Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1488) since May 2011, and Differ Group Holding Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 6878) since November 2013.

Save as disclosed above, during the three years immediately preceding the Latest Practicable Date, Mr. Terence Tsang had not been a director of any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Ms. WONG Yi Ling (黃綺玲女士) (“Ms. Wong”), aged 48, is our non-executive Director. Ms. Wong was appointed as our non-executive Director on 8 March 2016. She is responsible for monitoring the compliance of our Group with the Education Ordinance.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Wong obtained a Bachelor of Arts and a Diploma in Education from The Chinese University of Hong Kong in December 1990 and October 1993, respectively. Ms. Wong obtained a Master of Education from The University of Hong Kong in December 2004.

Ms. Wong has extensive experience in the education industry and has in-depth knowledge of the Education Ordinance. Ms. Wong was employed as a teacher at a secondary school from September 1990 to August 1992, as a teacher at another secondary school from September 1993 to August 1995, and as a teacher at a third secondary school from September 1995 to March 1999. Ms. Wong was employed as a senior school development officer at the EDB from March 1999 to November 2011. Ms. Wong currently works in the Centre for Advancement of Chinese Language Education and Research at the Faculty of Education in The University of Hong Kong as project manager and curriculum development officer.

During the three years immediately preceding the Latest Practicable Date, Ms. Wong had not been a director of any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Independent non-executive Directors

Mr. CHAN Hoi Keung Terence (陳海強先生) (“Mr. Chan”), aged 49, is an independent non-executive Director. Mr. Chan was appointed as an independent non-executive Director on 3 November 2016. Mr. Chan is also the chairman of the audit committee and the nomination and corporate governance committee and a member of the remuneration committee. He is responsible for overseeing the management of our Group independently.

Mr. Chan obtained a Professional Diploma in Accountancy from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1989 and a Master of Business Administration from Andrews University, Michigan, the United States in August 1993. He was admitted as an associate of The Chartered Association of Certified Accountants (now known as The Association of Chartered Certified Accountants) in October 1992, an associate of the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants) in April 1993, and a fellow of The Association of Chartered Certified Accountants in October 1997. He was also admitted as a member of the Canadian Certified General Accountants Association of Hong Kong in August 2013 and became a chartered professional accountant member of the Chartered Professional Accountants of British Columbia, Canada in June 2015. Mr. Chan obtained a licence from the SFC to carry on type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO as a representative of Wallbanck Brothers Securities (Hong Kong) Limited, a licensed corporation holding a licence to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, in May 2015.

Mr. Chan has substantial experience in accounting and corporate finance in both private and listed companies. He was employed as an auditing staff at KPMG Peat Marwick (now known as KPMG) from July 1989 to March 1992. Mr. Chan held a number of managerial positions in Shui On Investment Company Limited from April 1992 to September 2000 and in Shui On Properties Limited from October 2000 to December 2002.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan founded Forbiz Shanghai Limited (“**Forbiz**”) (later changed its name to Forbiz Limited), a company incorporated in Hong Kong with limited liability in January 2003, which principally engaged in private consultancy services, and acted as a director till May 2012. As confirmed by Mr. Chan, Forbiz became dormant since May 2006. He was employed as a director of portfolio management in ING Real Estate Investment Management (Shanghai) Co. Ltd. in Shanghai, the PRC from May 2006 to June 2008. Mr. Chan had been a director in asset management ACA II Advisors Limited, a member of Aetos Capital Asia Limited from July 2008 to March 2009. Mr. Chan had been the chief financial officer of the Real Estate Business Unit of South China (China) Limited (now known as South China Holdings Company Limited), a company listed on the Main Board of the Stock Exchange (stock code: 0413) from August 2010 to January 2011 and became the regional director from February 2011 to July 2011. Mr. Chan had been the business manager of Yihai Capital Partners Limited from September 2011 to November 2011; and he became the finance director of Yihai Capital Partners Limited from December 2011 to January 2013. Mr. Chan currently works in Wallbanck Brothers Securities (Hong Kong) Limited as representative.

Apart from having been a director of Forbiz, Mr. Chan also served as a director of Letian Group Limited (“**Letian**”) from March 2003 to September 2008 and a director of Star Team Investment Limited (“**Star Team**”) from July 2003 to May 2008. Both Letian and Star Team were companies incorporated in Hong Kong with limited liability, which principally engaged in private investment. Star Team had become dormant and was dissolved by striking off by the Companies Registrar pursuant to section 291 of the Predecessor Companies Ordinance on 30 May 2008. Letian and Forbiz, also become dormant, and had applied to be dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance, and were duly dissolved on 5 September 2008 and 15 June 2012, respectively. Mr. Chan confirmed that the deregistration of each of Letian, Star Team and Forbiz were conducted in accordance with the relevant statutory requirements under the Predecessor Companies Ordinance, including (i) all the members agreed to the deregistration; (ii) the relevant company had ceased to carry on business for more than three months immediately before the application; and (iii) the relevant company had no outstanding liabilities. Save as disclosed above, there is no other information in relation to Mr. Chan’s appointment discloseable pursuant to Rule 17.50(2) of the GEM Listing Rules nor are there other matters that need to be brought to the attention of the Stock Exchange.

During the three years immediately preceding the Latest Practicable Date, Mr. Chan had not been a director of any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. SEK Ngo Chi (石傲枝先生) (“Mr. Sek”), aged 39, is an independent non-executive Director. Mr. Sek was appointed as an independent non-executive Director on 7 November 2016. Mr. Sek is also the chairman of the remuneration committee, a member of the audit committee and the nomination and corporate governance committee. He is responsible for overseeing the management of our Group independently.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Sek obtained a Bachelor of Engineering and a Master of Business Administration from The Chinese University of Hong Kong in December 1999 and November 2001, respectively. He obtained a Master of Government and Commercial Law from The Australian National University, Canberra, Australia in December 2004, and a Master of Accounting from Curtin University of Technology (now known as Curtin University), Perth, Western Australia in September 2006.

Mr. Sek was employed as a graduate trainee from July 2001 to July 2002 and a business planner from July 2002 to February 2003 in The Hong Kong and China Gas Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0003), and an assistant business planning manager in Towngas International Company Limited, a subsidiary of The Hong Kong and China Gas Company Limited, from February 2004 to April 2005. Mr. Sek had been a business analyst in the Airport Authority Hong Kong from April 2005 to June 2006, a commercial analyst in Kingfisher Asia Limited from June 2006 to January 2007, and an account executive and later promoted to an associate director in China Everbright Securities (HK) Limited, a subsidiary of China Everbright Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0165), from January 2007 to January 2010. Mr. Sek has been a full time instructor in the School of Accounting and Finance at The Hong Kong Polytechnic University since February 2010.

During the three years immediately preceding the Latest Practicable Date, Mr. Sek had not been a director of any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. HO Kin (何健先生) (“Mr. Ho”), aged 32, is an independent non-executive Director. Mr. Ho was appointed as an independent non-executive Director on 3 November 2016. Mr. Ho is also a member of the audit committee, the remuneration committee and the nomination and corporate governance committee. He is responsible for overseeing the management of our Group independently.

Mr. Ho obtained a Bachelor of Commerce from the University of Melbourne in December 2007. He was admitted as a member of CPA Australia in March 2012, an associate of the Chartered Institute of Management Accountants in December 2013, a member of the Hong Kong Institute of Certified Public Accountants in January 2015, and a member of The Hong Kong Institute of Directors in July 2015.

Mr. Ho has substantial experience in accounting and corporate finance. He worked at Grant Thornton from March 2008 to November 2010, and was an assistant manager in KPMG from December 2010 to March 2013. After his resignation from KPMG, he was employed as an accounting manager in i-marker Management Limited from April 2013 to January 2014, and as a financial controller of JP Partners Medical Group Limited from February 2014 to March 2015. Mr. Ho has been a financial controller in Clarity Medical Group Limited since March 2015.

During the three years immediately preceding the Latest Practicable Date, Mr. Ho had not been a director of any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or Controlling Shareholders or Substantial Shareholders of our Company as at the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed in the section headed “Substantial Shareholders” and the section headed “Further information about Directors, management, staff and experts — Interests and short positions of Directors and the chief executives of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations” in Appendix IV to this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no additional matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders, and there was no additional information relating to our Directors that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Name	Age	Position	Date of joining our Group	Responsibilities	Relationship with other Directors and senior management
Mr. Cheung Luk Sun (張力新)	42	Chief tutor	January 2008	Responsible for managing teaching quality, recruiting and training tutors, designing teaching materials and designing tutorial courses	brother of Mr. Cheung, and brother-in-law of Ms. Chan Hoi Ying Karina
Mr. Tsang Hiu San (曾曉新)	34	Chief financial officer and company secretary	October 2014	Responsible for overall accounting and financial management functions, company secretarial matters and internal control matters of our Group	N/A

Mr. CHEUNG Luk Sun (張力新先生), aged 42, is one of our Controlling Shareholders. Mr. Cheung Luk Sun is also a director of Billion Bright. He is the chief tutor, responsible for managing teaching quality, recruiting and training tutors, designing teaching materials and designing tutorial courses. Given that Mr. Cheung Luk Sun wishes to focus on the operational aspects related to our Company’s core services and this arrangement allows our executive Directors to focus on other areas such as the compliance requirements of a listed company, as such Mr. Cheung Luk Sun was not appointed as a Director.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheung Luk Sun obtained the certificate of registration as a teacher and is registered as a teacher under section 45(1) of the Education Ordinance in September 1997, which has no expiry date. Mr. Cheung Luk Sun obtained a Certificate in Secondary Education (English) from The Hong Kong Institute of Education (now known as The Education University of Hong Kong) in November 1997, a Bachelor of Arts in Language and Translation from The Open University of Hong Kong in December 2001, a Master of Education from The University of Hong Kong in November 2007 and a Master of Arts in English Studies from Lingnan University in October 2009. Mr. Cheung Luk Sun has extensive teaching experience. He had been a Certificated Master grade teacher at a secondary school from September 1997 to August 2005, and a Certificated Master grade teacher at another secondary school from September 2005 to August 2007. Mr. Cheung Luk Sun has been an English tutor of “Logic Tutorial Centre” since September 2007.

Mr. Cheung Luk Sun is the brother of Mr. Cheung, an executive Director, the chief executive of our Company, the chairman of our Board and one of our Controlling Shareholders, and the brother-in-law of Ms. Chan Hoi Ying Karina, an executive Director. Save as disclosed, Mr. Cheung Luk Sun is not connected with any other Directors, senior management, Controlling Shareholders or Substantial Shareholders of our Company.

During the three years immediately preceding the Latest Practicable Date, Mr. Cheung Luk Sun had not been a director of any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. TSANG Hiu San (曾曉新先生) (“Mr. Tsang”), aged 34, is the chief financial officer of our Company and our company secretary of Bright Union. Mr. Tsang was appointed as our company secretary of our Company on 26 November 2015. He is responsible for overall accounting and financial management functions, company secretarial matters and internal control matters of our Group.

Mr. Tsang obtained a Bachelor of Business Administration in Management Science from City University of Hong Kong in July 2006. He was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in May 2012. He has over seven years of experience in audit, financial, accounting and internal control matters. Mr. Tsang worked at Grant Thornton from March 2008 to December 2010 and transferred to BDO Limited from January 2011 to June 2013 due to a merger of business between Grant Thornton and BDO Limited. He was an assistant manager at the time of leaving BDO Limited. He then joined Roma Group Limited, a company listed on GEM (stock code: 8072) as a financial controller from June 2013 to February 2014. Mr. Tsang has been the chief financial officer of Bright Union since October 2014.

During the three years immediately preceding the Latest Practicable Date, Mr. Tsang had not been a director of any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Mr. TSANG Hiu San (曾曉新先生), aged 34, was appointed as the company secretary of our Company on 26 November 2015. For details of his biography, please refer to the paragraph headed “Senior management” in this section.

COMMITTEES OF THE BOARD OF DIRECTORS

Our Board delegates certain responsibilities to various committees. In accordance with our Articles of Association and the GEM Listing Rules, we have formed three board committees, namely the audit committee, remuneration committee and the nomination and corporate governance committee.

Audit committee

Our Company established the audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules pursuant to a resolution of our Directors passed on 3 November 2016. The primary duties of our audit committee are mainly to make recommendations to our Board on the appointment and removal of the external auditors, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures of our Company. At present, our audit committee comprises Mr. Chan Hoi Keung Terence, Mr. Sek Ngo Chi and Mr. Ho Kin, all being our independent non-executive Directors. Mr. Chan Hoi Keung Terence is the chairman of our audit committee.

Remuneration committee

Our Company established the remuneration committee pursuant to a resolution of our Directors passed on 3 November 2016 in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with the Corporate Governance Code. The primary functions of our remuneration committee are to make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors determine their own remuneration. At present, our remuneration committee comprises Mr. Chan Hoi Keung Terence, Mr. Sek Ngo Chi and Mr. Ho Kin. Mr. Sek Ngo Chi is the chairman of our remuneration committee.

Nomination and corporate governance committee

Our Company established the nomination and corporate governance committee pursuant to a resolution of our Directors passed on 3 November 2016 with written terms of reference in compliance with the Corporate Governance Code. The primary functions of our nomination and corporate governance committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board and policies/practices on corporate governance of our Group. At present, our nomination and corporate governance committee comprises Mr. Chan Hoi Keung Terence, Mr. Sek Ngo Chi and Mr. Ho Kin. Mr. Chan Hoi Keung Terence is the chairman of our nomination and corporate governance committee.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive remuneration in the form of director's fees, salaries, allowances and other benefits as well as contributions to retirement benefit scheme. The total compensation accrued to our Directors for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 was approximately HK\$548,000, HK\$550,000, HK\$541,000 and HK\$225,000, respectively.

The aggregate compensation (including director's fees, salaries, contributions to retirement benefit scheme, allowances and other benefits) paid to our five highest paid individuals of our Group during each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 was approximately HK\$2.0 million, HK\$1.9 million, HK\$2.0 million and HK\$0.9 million, respectively.

Under the arrangement currently in force, we estimate the total compensation to be paid or accrued to our Directors for the year ending 31 March 2017 to be approximately HK\$0.8 million.

We did not pay to our Directors or the five highest paid individuals any inducement fees to join us or as compensation for loss of office for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016. Furthermore, none of our Directors waived any compensation for the same period.

Save as disclosed above, no other payments have been paid or are payable, in respect of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, by us or any of our subsidiaries to our Directors.

Our Directors and senior management receive compensation in the form of director's fees, salaries, benefits in kind and/or discretionary bonuses with reference to those paid by comparable companies, time commitment and the performance of our Group. Our Group also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. We regularly review and determine the remuneration and compensation packages of our Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group.

After Listing, our Company's remuneration committee will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, workload, the time devoted to our Group and the performance of our Group.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme on 3 November 2016, the purpose of which is to motivate the relevant participants to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group.

The principal terms of the Share Option Scheme are summarised in the section headed “Share Option Scheme” in Appendix IV to this prospectus.

The maximum number of shares which may be issued, upon exercise of all options that may be granted under the Share Option Scheme and any other option schemes involving the issue or grant of options over shares or other securities by our Company or any of its subsidiaries or invested entity shall not in aggregate exceed 10% of the aggregate nominal amount of the share capital of our Company in issue as of the Listing Date; and our Board has been authorised to determine the grant of a right to subscribe for shares under, and pursuant to the terms of the Share Option Scheme and to determine the grantees, number of options to be granted to each grantee and the terms and conditions of such grants pursuant to the terms of, the Share Option Scheme.

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, we appointed Kingsway Capital as our compliance adviser which will have access to all relevant records and information relating to our Group that it may reasonably require to properly perform its duties. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise us, among others, at the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction under the GEM Listing Rules, is contemplated including share issues and share buy-backs;
- (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 our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our shares.

DIRECTORS AND SENIOR MANAGEMENT

The appointment of our 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 its financial results for the second full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

NON-SEGREGATION OF THE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Cheung has been managing our Group's business and the overall financial and strategic planning since September 2005. Our Board believes that the vesting of the roles of chairman and chief executive officer in Mr. Cheung is beneficial to the business operations and management of our Group and will provide a strong and consistent leadership to our Group. In addition, due to the presence of three independent non-executive Directors, our Board considers that no one individual has unfettered power of decision. Accordingly, our Company has not segregated the roles of its chairman and chief-executive officer as required by Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules.

FUTURE PLANS

Business objective

Our principal business objective is to leverage on our competitive advantages to become one of the leading players in the private tutoring services in Hong Kong. For a detailed description of our Group's future plans, please refer to the section headed "Business — Our business objective and strategies" of this prospectus.

Reasons for the Listing

Potential for growth

Our Directors believe there is still potential for our Company to grow despite the expected number of secondary school students decline within the academic years 2015/16 to 2018/19 according to the Industry Report for the following reasons:

- According to Ipsos, the decrease in the expected number of secondary school students within the academic years 2015/16 to 2018/19 merely reflects the low birth rate in the early 2000s. Going forward, the number of secondary school students in Hong Kong is expected to start increasing again from 2019 or 2020. This reversal of downward trend for secondary school students can be further supported by the upward trend for primary school students within the academic years 2015/16 to 2018/19. As the primary school students enter secondary school, we expect the reversal of the downward trend for secondary school students will occur after 2018/19 and possibly around 2019/20. The academic year 2019/20 is only two academic years away from now, and hence our Group's expansion plan to open seven new centres by the end of March 2019 is a long term planning for our Group to capture the larger market demand.
- According to the Industry Report, the average monthly tuition fee is expected to increase, driving the market sales value of secondary tutoring services in Hong Kong upwards from 2015/16 to 2018/19. Once the number of secondary school students rebound in around 2019/20, the market sales value will accelerate if the fee continues its uptrend. In addition, based on data provided by the Census and Statistics Department for 2015, the average median monthly household income for three of the five new districts of new tutorial centres (being North District where Fanling is located, Shatin District and Sai Kung District where Tseung Kwan O is located) was higher than Tuen Mun District and Yuen Long District (where most of our Group's existing network is located) in 2015. Our Directors believe that the customers in these new locations are willing to accept higher course fees.

FUTURE PLANS AND USE OF PROCEEDS

- As to our revenues, approximately 80% of which were derived from secondary tutoring services and 20% of which were derived from primary tutoring services during the Track Record Period. The primary tutoring market is forecasted to grow at a CAGR of approximately 5.4% from 2015/16 to 2018/19. For the new tutorial centres, we tend to adopt a more long term strategy. We will not shift our business focus entirely from secondary tutoring services to primary tutoring services. We will continue to grow both services but will continue to spend more efforts to attract more primary school students to take advantage of the aforesaid growth, as these primary school students will become secondary school students after a number of years. In doing so, we would have developed our strong client base of secondary students when the number of secondary school students is expected to rebound in the long term, mostly likely after 2019/20. Our Directors believe that with their past experience in providing primary tutoring services together with our Group's existing customers and an established brand, it would not be difficult for us to attract more primary school students while maintaining its market share for secondary tutoring services. Ipsos concurs with our Directors' view that since our Group has been providing both secondary tutoring services and primary tutoring services in the past, it would not be difficult for our Group to develop further our primary tutoring services in the future. Our Directors envisage that our long term strategy (which is part of our strategies set out in the section headed "Business — Our business objective and strategies" of this prospectus) includes the following:
 - continuing to expand network in locations with significant potential for both primary tutoring services and secondary tutoring services (such as in the vicinity of (i) new public and private estates with high population of young students; (ii) schools and/or (iii) areas with higher level of security such as within shopping malls).
 - continuing to enhance teaching and services quality for primary school students particularly by (a) adopting pick-up arrangements services so students may be picked-up after school to our centres directly which we believe is a popular arrangement for parents of young children; (b) enhancing our complementary support services such as by increasing the frequency and quality of progress updates to parents and adopting other avenues of after-class question and answer platforms between tutors and students.
 - adopting additional promotional activities, hiring new marketing staff and adopting other strategies to build customer confidence such as providing site tours for parents to observe our courses as they are conducted and attracting new students to our new centres with free trial lessons.
- Our market share of the total revenue generated by private tutoring service industry in Hong Kong was only approximately 0.9% for the year ended 2015. Our Directors believe that through our expansion plan which focuses mostly on locations outside of our existing network and other strategies, we will be able to capture part of the remaining 91.1% market share in the industry.

FUTURE PLANS AND USE OF PROCEEDS

Financing considerations

We had cash and cash equivalents of approximately HK\$10.8 million as at 31 August 2016 and little to no external debt financing during the Track Record Period. However, we believe that this does not mean that additional fund raising from the Listing is unnecessary:

- As at 31 March 2016, our Group had cash and cash equivalents of approximately HK\$13.7 million. At the same time, our accruals and other payables was approximately HK\$4.7 million. Among this HK\$4.7 million, approximately HK\$4.0 million was for accrued salaries, professional fees for listing application and accrued audit fees, which needs to be settled within a short period of time. As a result, the remaining cash and cash equivalents should be approximately HK\$9.7 million, which is comparable to our cash balances as at 31 March 2014 and 2015 of approximately HK\$7.1 million and HK\$8.4 million respectively. The cash and cash equivalents will be applied as working capital for our Group. For the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, our Group's average monthly operation expenses (rental and staff costs) are approximately HK\$1.7 million, HK\$1.7 million, HK\$1.8 million and HK\$1.8 million respectively. Our Directors believe that the practice of retaining approximately six months of operation expenses (rental and staff costs) is in line with the industry norm. This buffer is necessary for handling any unexpected circumstances (for example sudden increases in rent and staff costs or other unforeseeable events which may lead to suspension of some or all tutorial centres). According to our Directors, such practice has taken into account that it is not easy for companies in the tutorial business to borrow from the bank due to lack of assets to be pledged as collateral. Without sufficient cash buffer, a company will face liquidity risk once unexpected circumstances occur. Furthermore, Ipsos notes that it is a normal practice for large education-related service providers to keep approximately six to ten months of working capital in reserve. While our Directors agreed that our Group is not currently short of cash based on the existing operation scale, the current cash balance is not adequate for our Group's expansion plan.
- We had little external funding in the past and did not have any outstanding banking facilities as at the Latest Practicable Date as our Directors were reluctant to obtain large amounts of debt financing given that (a) it was considered unnecessary based on our current operations and the cash available; and (b) the expected relatively unfavourable terms in relation to the interest rates and collateral requirement by the financial institutions given the limited fixed assets possessed by our Group to serve as collateral which may create greater reliance on our Controlling Shareholders for financial support. We chose equity financing over debt financing as the source of funding for our current strategies, as our Directors considered that we were unable to obtain sufficient debt financing for pursuing our strategies given our limited fixed assets to serve as collateral and the current lending environment.

FUTURE PLANS AND USE OF PROCEEDS

Based on the above analysis concerning the cash on hand and the unavailability of banking facilities of sufficient amount, our Directors believe that in order to expand our business and pursue our other strategies we have to raise additional funding.

Benefits from the Listing

Our Directors believe that the Listing on GEM will greatly benefit our Group for the following reasons:

(i) Expansion plan to tap into new markets and raise our competitiveness

Most of our proceeds from the Share Offer will be used for expansion of our network in new areas in Hong Kong such as Fanling, Kwun Tong, Kowloon Bay, Tsz Wan Shan, Shatin and Tseung Kwan O. We also intend to locate a new centre in Yuen Long but considering the large size of this district, such new centre is expected to be located in an area away from Tin Shui Wai where currently four of our centres are located as well as our existing Yuen Long centre. Based on data provided by the Census and Statistics Department for 2015 and a paper published by Civil Engineering and Development Department in May 2016, the total population of Yuen Long was approximately 607,000, of which Tin Shui Wai accounted for almost 50%. Since we only had one centre in Yuen Long excluding Tin Shui Wai area as at the Latest Practicable Date, our Directors believe that there will still be potential to grow in Yuen Long outside Tin Shui Wai area. Additionally, according to the Student Enrolment Statistics 2015/16 published by the EDB, the aggregate student enrolment numbers in primary and secondary local schools (as at 15 September 2015) in Tuen Mun, Yuen Long, Tai Po and Kowloon City, being the four districts where our tutorial centres are currently located, were approximately 46,000, 60,000, 27,000 and 62,000 respectively. Given that Yuen Long District had the second most number of such student enrolments next to Kowloon City District but in which we have a longer established presence and reputation, our Directors believe that it was more advantageous to establish a new tutorial centre in Yuen Long District as compared to the other districts where our other tutorial centres are currently located. As detailed in the section headed “Business — Our business objective and strategies — Continue to expand our network across Hong Kong” in this prospectus, our Directors believe that these new locations offered potential new customers and that the expansion plan into these areas was feasible and reasonable. By tapping into the market in these areas, we believe we can increase our market position and revenue. Furthermore, given geographical coverage and accessibility is one of the key areas of competition in our industry according to the Industry Report, we believe the expansion plan will also increase our overall competitiveness in attracting new customers.

(ii) Enhanced credibility and support for our long term development

The Listing will enhance our Group’s credibility and support our long term development. Our Directors believe that students and parents as well as other parties will prefer to do business with a listed company given its greater transparency, relevant regulatory supervision and stability generally. The Listing will therefore serve to promote our services and credibility amongst the population in Hong Kong and

FUTURE PLANS AND USE OF PROCEEDS

provide immediate increase in awareness of our brand in support of our existing network as well as in the new locales targetted by our expansion plan. The enhancement to our reputation will also serve to increase our competitiveness in the market.

Another benefit from the Listing relates to attracting and retention of staff. We had a relatively stable core group of tutors who had been with us for over three years during the Track Record Period and we try to ensure good employer-employee relationships and have our human resources staff promptly handle and address employee complaints and issues. However, we may have staff departure from time to time which may affect efficiency in our operations and quality in our tutoring services (for further details, please refer to the section headed “Business — Employees, management and tutors” of this prospectus). Our Directors believe that as a listed company, we will be able to more effectively retain our existing staff including tutors and attract additional talent for expansion given such staff might feel more stable and secure by joining a listed company rather than a private company.

Besides business expansion, our strategies involving staff training and enhancement of our existing centres, facilities, equipment and IT systems also improve the quality of our teaching and efficiency of our day to day operations to the benefit of our long term development and competitiveness.

(iii) Additional avenue to raise capital in the form of equity and/or debt

We relied mainly on cash generated from our operations for funding due to limited fixed assets to serve as collateral for debt financing as explained above. Our Directors believe that it will be easier and on better terms for our Company to borrow from banks as a listed company as compared to as a private company. The Listing will provide our Company with additional avenue to raise capital in the form of equity and/or debt from the capital market in case of future business expansion and long-term development needs and goals.

Considering that we operate in a competitive industry, our Directors believe that the ability to obtain funding quickly such as through the Listing and from the equity and/or debt markets after Listing as well as having access to additional avenues of fund-raising will better allow us to react promptly to the changing environment.

(iv) Diversification of shareholder base and more liquidity in trading of Shares

We currently have a small shareholder base. Our Directors further consider that the Listing will expand and diversify our shareholder base and potentially lead to a more liquid market in the trading of our Shares.

Implementation plans

Our Group’s implementation plans are set forth below for the period from the Latest Practicable Date up to 31 March 2019. Investors should note that the implementation plan is drawn up based on the current economic status and the assumptions as set out in the

FUTURE PLANS AND USE OF PROCEEDS

paragraph headed “Bases and assumptions” of this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out in the section headed “Risk factors” of this prospectus. Therefore, there is no assurance that our business plans will materialise in accordance with the estimated time frame and that our future plans will be accomplished at all.

Assuming the Offer Size Adjustment Option is not exercised and assuming an Offer Price of HK\$0.22 per Offer Share, being the mid-point of the indicative Offer Price range, the total amount of listing expenses in connection with the Listing (excluding effect of prepayment written-off regarding the previous listing exercise of approximately HK\$1.4 million recorded for the year ended 31 March 2015) is estimated to be approximately HK\$18.0 million and will be net off with the proceeds of the Share Offer. Accordingly, the net proceeds from the Share Offer are estimated to amount to approximately HK\$15.0 million. Our Group intends to apply such net proceeds from the Share Offer as follows:

For the period from the Latest Practicable Date to 31 March 2019:

Strategy	Use of net proceeds	Implementation plan
Expansion of network	HK\$11.6 million (approximately 77.3% of the proceeds)	<ul style="list-style-type: none">• Our expansion plan focuses on increasing our geographical coverage by opening or acquiring new centres in Hong Kong. We intend to focus mostly on locations which are not covered by our existing network such as Fanling, Kwun Tong, Kowloon Bay, Tsz Wan Shan, Shatin and Tseung Kwan O but the final locations will be subject to market conditions and suitability of the location (such as near populated residential areas in particular new public or private housing estates or in areas close to a network of regular primary and secondary schools). We also intend to locate a new centre in Yuen Long but considering the large size of this district, such new centre is expected to be located in an area away from Tin Shui Wai where currently four of our centres are located as well as our existing Yuen Long centre.

FUTURE PLANS AND USE OF PROCEEDS

Strategy	Use of net proceeds	Implementation plan
		<ul style="list-style-type: none"> We intend to open and/or acquire seven tutorial centres comprising of one centre in Kwun Tong for the year ending 31 March 2017, three centres with one in Tseung Kwan O, Shatin and Fanling each for the year ending 31 March 2018 and three centres with one in Kowloon Bay, Tsz Wan Shan and Yuen Long each for the year ending 31 March 2019. Besides opening new centres ourselves, we may acquire existing centres. We believe that we may be able benefit from the relevant centres existing customers. As at the Latest Practicable Date, we have not identified any target(s) for acquisition. We expect the total capital expenditure and other initial investment costs for each new centre to be approximately HK\$1.6 million to HK\$1.7 million. These costs include initial renovation costs and estimated working capital requirements for 12 months for purposes of rental expenses and staff costs for new tutors and supporting staff. These new centres are expected to have a GFA of 400 to 800 sq. ft.
Enhancement of our existing centres, facilities and equipment and IT systems	HK\$1.7 million (approximately 11.3% of the proceeds)	<ul style="list-style-type: none"> We intend to enhance our existing tutorial centres including its facilities and fittings and particularly in the purchase of additional printers and computers. Furthermore, we intend to upgrade our IT systems including those relating to accounting and client relations management systems to address the expected expansion of our network and increases in our students.

FUTURE PLANS AND USE OF PROCEEDS

Strategy	Use of net proceeds	Implementation plan
Staff training	HK\$0.4 million (approximately 2.7% of the proceeds)	<ul style="list-style-type: none"> • We intend to engage external trainers or arrange for our staff to undergo external training to maintain our service quality.
Marketing and promotion and other brand building activities	HK\$1.3 million (approximately 8.7% of the proceeds)	<ul style="list-style-type: none"> • We intend to conduct additional marketing and promotion and brand building activities both online and offline in relation to our new centres and to promote our brand generally. We also intend to hire two to three additional marketing staff to assist in formulating and implementing our mid-term and long term marketing strategies and promoters for specific marketing campaigns as necessary.

Bases and assumptions

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

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no significant economic change in respect of inflation, interest rate, tax rate and currency exchange rate in Hong Kong which will adversely affect our Group's business;
- there will be no material adverse changes in the existing laws and regulations, policies or industry or regulatory treatment relating to our Group, or in the political, economic, fiscal or market conditions in which our Group operates;
- we will be able to retain our senior management team and key staff in our operations;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the business or operations of our Group or cause substantial loss, damage or destruction to its property or facilities;
- there will be no change in the effectiveness of the licences, permits and qualifications obtained by our Group;

FUTURE PLANS AND USE OF PROCEEDS

- our Group will be able to continue its operation in substantially the same manner as our Group has been operating during the Track Record Period and our Group will also be able to carry out its development plans without disruption adversely affecting its operations or business objectives in any way; and
- our Group will not be adversely affected by the risk factors as set out under the section headed “Risk factors” of this prospectus.

USE OF PROCEEDS

The Share Offer will enhance our Group’s capital base and provide our Group with additional working capital to implement the future plans as set out in the paragraph headed “Implementation plans” above.

Assuming that the Offer Size Adjustment Option is not exercised at all, the net proceeds from the Share Offer based on the Offer Price of HK\$0.22 per Offer Share (being the mid-point of the stated range of the Offer Price) are estimated to be approximately HK\$15.0 million.

Our Directors presently intend that the net proceeds will be applied as follows:

	From the Latest Practicable Date to 31 March 2017	For the six months ending 30 September 2017	For the six months ending 31 March 2018	For the six months ending 30 September 2018	For the six months ending 31 March 2019	Total use for purpose	Percentage of use of net proceeds
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	%
Expansion of network	1.6	1.6	3.3	3.4	1.7	11.6	77.3
Enhancement of existing centres, facilities and equipment and IT systems	1.1	0.2	0.2	—	0.2	1.7	11.3
Staff training	0.2	—	0.2	—	—	0.4	2.7
Marketing and promotion and other brand building activities	0.7	0.2	0.2	0.2	—	1.3	8.7
Total	3.6	2.0	3.9	3.6	1.9	15.0	100

If the Offer Size Adjustment Option is exercised in full, our Directors estimate that the additional net proceeds from the offering of these additional Shares to be received by us, after deducting underwriting fees and estimated expenses payable by us, will be approximately (i) HK\$5.2 million, assuming the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$0.24 per Offer Share; (ii) HK\$4.8 million, assuming the Offer Price is fixed at the mid-point of the indicative Offer Price range, being HK\$0.22 per Offer Share; and (iii) HK\$4.4 million, assuming the Offer Price is fixed at the low-end of the indicative Offer Price range, being HK\$0.20 per Offer Share. Any additional proceeds to be received by us from the exercise of the Offer Size Adjustment Option will be applied pro rata to the above mentioned purposes.

FUTURE PLANS AND USE OF PROCEEDS

If the final Offer Price is set 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\$3.0 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.

To the extent that the net proceeds from the issue of the Offer Shares are not immediately required for the purposes above, it is the present intention of our Directors that such net proceeds will be placed on short-term interest bearing deposits with authorised financial institutions in Hong Kong.

In case there is any change to the intended use of proceeds as described above, our Group will (i) make disclosure of such changes in our annual report for the relevant year in accordance with the GEM Listing Rules; and (ii) issue an announcement where the changes constitute inside information in accordance with the GEM Listing Rules and other relevant laws.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Bookrunner

CSL Securities Limited

Joint Lead Managers

CSL Securities Limited

Kingsway Financial Services Group Limited

Public Offer Underwriters

CSL Securities Limited

Kingsway Financial Services Group Limited

UNDERWRITING ARRANGEMENT AND EXPENSES

The Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, we are offering 15,000,000 Public Offer Shares (subject to reallocation) for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) the Stock Exchange granting listing of, and permission to deal in, the Shares (including the additional Shares to be issued pursuant to the Capitalisation Issue and the exercise of the Offer Size Adjustment Option); and (ii) certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally agreed to apply or procure applications, on the terms and conditions of this prospectus, the related Application Forms and the Public Offer Underwriting Agreement, for the Public Offer Shares now being offered and which are not taken up under the Public Offer.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional.

Grounds for termination

The Joint Lead Managers (for themselves and on behalf of the other Public Offer Underwriters) shall be entitled, in their absolute discretion, by notice in writing to our Company to terminate the Public Offer Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

- (i) there shall develop, occur, exist or come into effect:
 - (a) any event, or series of events, beyond the reasonable control of the Public Offer Underwriters (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism, riot, public disorder, economic sanctions,

UNDERWRITING

outbreak of diseases or epidemics including SARS and avian influenza and such related/mutated forms or interruption or delay in transportation) in or affecting Hong Kong, the Cayman Islands or any other jurisdiction relevant to any member of our Group or the Share Offer (collectively, the “**Relevant Jurisdictions**”) which in the reasonable opinion of the Joint Lead Managers has or would have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or

- (b) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change in local, national, regional or international financial economic, political, military, industrial, fiscal, regulatory or market conditions and matters and/or disaster or any monetary or trading settlement systems (including, without limitation, conditions in stock, credit and bond markets, money and foreign exchange markets and inter-bank markets, or any monetary or trading settlement system, any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, 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 or affecting the Relevant Jurisdictions; or
- (c) any new law or change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in any of the Relevant Jurisdictions; or
- (d) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for any of the Relevant Jurisdictions; or
- (e) a change or development occurs involving a prospective change in taxation, exchange control, currency exchange rates or foreign investment regulations (including without limitation a material devaluation of the Hong Kong dollar against any foreign currencies) or the implementation of any exchange control in any of the Relevant Jurisdictions; or
- (f) any material change or development involving a prospective change, or a materialisation of, any of the risks set forth in the section headed “Risk factors” of this prospectus; or
- (g) any litigation or claim of material importance of any third party being threatened or instigated against any member of our Group (other than those fully covered by an insurance policy of the member of our Group), our executive Directors and/or our Controlling Shareholders; or

UNDERWRITING

- (h) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (i) any loss or damage sustained by any member of our Group (howsoever caused but excluding such loss or damage which are subject of and fully covered by any insurance or claim against any person); or
- (j) a petition is presented for the winding up or liquidation of any member of our Group or any member of our 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 our 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 our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (k) 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 any of the Relevant Jurisdictions, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of the relevant jurisdictions; or
- (l) any adverse change or development involving a prospective change in the condition (financial or otherwise) or in the earnings, business affairs, business prospects or trading position of any member of our Group, or customer confidence, including but not limited to any action, suit, proceeding, litigation or claim of any third party being threatened or instigated against any member of our Group, or any investigation of any member of our Group or an order for suspension of business by any government authority; or
- (m) an executive Director being charged or indicted or detained with an indictable offence or prohibited by operation of law or otherwise disqualified from directorship, or the commencement by any Governmental Authority of any investigation or other action against any Director in his/her capacity as such or an announcement by any governmental authority that it intends to investigate or take any such actions; or
- (n) the chairman or chief executive officer of our Company vacating his/her office; or
- (o) non-compliance of this prospectus (or any other documents used in connection with the Share Offer) or any aspect of the Share Offer with the GEM Listing Rules, the Articles of Association, the Companies Ordinance, the Companies Ordinance (Miscellaneous Provisions), the SFO or any other applicable laws by any of our Company, our Controlling Shareholders, or our Directors,

UNDERWRITING

which, individually or in aggregate, in the absolute opinion of the Joint Lead Managers:

- (1) is/are or shall have or could be expected to have a material adverse effect on the assets, liabilities, general affairs, management, shareholders' equity, profits, losses, results of operations, business, financial or other condition or prospects of our Group as a whole or in the case of subparagraph (ii)(e) below, to any present or prospective shareholder of our Company in his, her or its capacity as such; or
- (2) has/have or shall have or could reasonably be expected to have an adverse effect on the success, marketability or pricing of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or
- (3) make(s) it inadvisable, inexpedient or impracticable for the Share Offer to proceed; or
- (4) has or will or may be expected to have the effect of making any part of the Public Offer Underwriting Agreement or the Share Offer incapable of implementation or performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof;

(ii) there has come to the notice of the Joint Lead Managers:

- (a) that any statement, considered by the Joint Lead Managers to be material in their absolute discretion, contained in any of this prospectus, Application Forms and any document in connection with the Share Offer was when the same was issued, or has become, untrue, incorrect or misleading in any material respect or that any forecast, expression of opinion, intention or expectation contained in any of such document is not true and honest and based on reasonable assumptions; or
- (b) 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 an omission therefrom reasonably considered by the Joint Lead Managers to be material to the Share Offer; or
- (c) any material breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement (other than on the Public Offer Underwriters) which the Joint Lead Managers consider to be material; or
- (d) any change or development reasonably considered by the Joint Lead Managers to have or could be expected to have a material adverse effect on business affairs, prospects, assets liabilities, general affairs, management,

UNDERWRITING

shareholders' equity, profits, losses, results or operations, or the financial or trading position or otherwise, or performance of any member of our Group; or

- (e) any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties, which the Joint Lead Managers consider to be material; or
 - (f) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnified parties under the Public Offer Underwriting Agreement; or
 - (g) approval by the Listing Division of the listing of, and permission to deal in, the Shares in issue and to be issued or sold under the Share Offer 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
 - (h) any person (other than the Underwriters) has withdrawn or sought to withdraw its consent to being named in any of this prospectus, the Application Forms and/or any other documents used in connection with the contemplated subscription of the Offer Shares) or to the issue of any of such documents; or
 - (i) our Company withdraws any of this prospectus, the Application Forms and/or any other documents used in connection with the contemplated subscription of the Offer Shares; or
 - (j) any prohibition on our Company by any governmental authority for whatever reasons from offering, allotting or issuing the Shares pursuant to the terms of the Share Offer; or
- (iii) the Placing Underwriting Agreement and/or Price Determination Agreement shall not have been duly executed at or before 12:00 noon on 23 November 2016 (or such other date or time as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the other Public Offer Underwriters)).

Placing Underwriting Agreement

In connection with the Placing, it is expected that we will enter into the Placing Underwriting Agreement with, among others, the Placing Underwriters on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the 135,000,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option) initially being

UNDERWRITING

offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the sub-paragraphs headed “Undertakings by our Company” and “Undertakings by our Controlling Shareholders” below in this section.

Our Company is expected to grant to the Placing Underwriters the Offer Size Adjustment Option exercisable by the Joint Lead Managers or their respective agent, on behalf of the Placing Underwriters, at any time during the period from the date of the Placing Underwriting Agreement to the Business Day immediately before the date of announcement of results of allocations and the basis of allocation of the Public Offer Shares or otherwise it will lapse, to require our Company to allot and issue up to an aggregate of 22,500,000 additional Shares, representing 15% of the Offer Shares, at the Offer Price per Offer Share under Placing, solely to cover excess demand, if any, in the Placing.

UNDERTAKINGS TO THE STOCK EXCHANGE

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that save as pursuant to the Share Offer (including the Offer Size Adjustment Option and grant and exercise of the options under the Share Option Scheme) no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such an issue by our Company within six months from the Listing Date (whether or not such issue of Shares or securities of our Company will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

In addition to the six-month non-disposal undertaking by our Controlling Shareholders under Rule 13.16A(1)(a) of the GEM Listing Rules, our Controlling Shareholders have voluntarily undertaken to extend such lock-up period for an additional 18 months under the Controlling Shareholders' Non-disposal Undertaking. Pursuant to Rule 13.16A(1)(a) of the GEM Listing Rules and the Controlling Shareholders' Non-disposal Undertaking, each of the Controlling Shareholders has undertaken 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) shall not during the period from the date by reference to which disclosure of his/its shareholding in our Company is made in this prospectus and ending on the date falling 24 months from the Listing Date (the “**Two-year 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 those Shares in respect of which he/it is or they are shown by this prospectus to be the beneficial owner(s).

Pursuant to Rule 13.19 of the GEM Listing Rules and the Controlling Shareholders' Non-disposal Undertaking, each of the Controlling Shareholders further has undertaken to our Company and the Stock Exchange that he/it shall, and shall procure that the relevant registered holder(s) shall,

- (a) in the event that he/it pledges or charges any direct or indirect interest in the Shares 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 Two-year Period, inform our Company immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
- (b) having pledged or charged any interest in the Shares under (a) 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.

UNDERWRITING

Our Company shall, upon being informed of any matter under (a) or (b) above, forthwith publish an announcement giving details of the same in accordance with the GEM Listing Rules.

Our Controlling Shareholder have also provided the Controlling Shareholders' Nomination Undertaking (for further details, please refer to the section headed "Relationship with Controlling Shareholders — Undertakings" of this prospectus).

UNDERTAKINGS PURSUANT TO THE PUBLIC OFFER UNDERWRITING AGREEMENT

Undertakings by our Company

Our Company has undertaken to and covenanted with each of the Sponsor, the Joint Lead Managers and the Public Offer Underwriters that we shall not, unless in compliance with the requirements of the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules), except for the issue of Shares under the Share Offer, the Capitalisation Issue, the exercise of the Offer Size Adjustment Option, the grant of any option under the Share Option Scheme or the issue of Shares upon exercise of any option granted under the Share Option Scheme, at any time during the period from the date of this prospectus and ending on the date which is six months from the Listing Date (the "**Lock-Up Period**"):

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company, with a depositary in connection with the issue of depositary receipts;
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares);
- (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

UNDERWRITING

- (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above, in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not such transaction will be completed within the Lock-Up Period).

Undertakings by our Controlling Shareholders

Undertakings by our Controlling Shareholders to the Sponsor and the Joint Lead Managers

Each of the Controlling Shareholders has jointly and severally undertaken to and covenanted with each of the Sponsor and the Joint Lead Managers that, unless in compliance with the GEM Listing Rules, he/it shall, and shall procure that his/its associates or the relevant registered holder(s), nominee(s) or trustee(s) holding on trust for him/it or the companies controlled by him/it, without the prior written consent of the Sponsor and Joint Lead Managers:

- (a) at any time during the period commencing on the date of this prospectus and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), not to:
 - (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create any encumbrances over, or agree to transfer or dispose of or create an encumbrances over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable) in respect of which he/it is shown by this prospectus to be the beneficial owner (whether direct or indirect) (the “**Lock-Up Securities**”) or any interest therein;
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Lock-Up Securities or any interest therein;
 - (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (a)(i) or (a)(ii) above; or
 - (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph(a)(i), (a)(ii) or (a)(iii) above,

in each case, whether any of the transactions specified in paragraph (a) (i), (a)(ii) or (a)(iii) above is to be settled by delivery of the Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the First Six-Month Period);

UNDERWRITING

- (b) at any time during the six month period immediately following the First Six-Month Period (the “**Second Six-Month Period**”), not to enter into any of the transactions specified in paragraphs (a)(i), (a)(ii) and (a)(iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any such sale, transfer or disposal or upon the exercise or enforcement of any such options, rights, interests or encumbrances pursuant to such transaction, they will cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company; and
- (c) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in paragraphs (a)(i), (a)(ii) and (a)(iii) above or offers to or agrees to or announces any intention to effect any such transaction, take all steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in the Shares or any other securities of our Company.

Total commission, fee and expenses

In connection with the Share Offer, the Underwriters will receive an underwriting commission of 3% of the aggregate Offer Price of all Offer Shares and in addition Kingsway Financial will receive a fixed management fees of HK\$100,000 according to the arrangement of the Underwriting Agreements, out of which they will pay any sub-underwriting commissions and praecipium. The Sponsor will receive financial advisory and documentation fees.

In connection with the Listing and the Share Offer, the total expenses to be borne by our Company (assuming the Offer Price of HK\$0.22 (being the mid-point of the stated range of the Offer Price) including underwriting commission, brokerage, the Stock Exchange trading fee, the SFC transaction levy, the sponsorship and documentation fee, the listing fees and legal and other professional fees, printing and other expenses are approximately HK\$18.0 million (assuming the Offer Size Adjustment Option is not exercised). We will also pay for all expenses in connection with any exercise of the Offer Size Adjustment Option.

UNDERWRITING

Sponsor and Underwriters' interest in our Company

The Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 6A.07 of the GEM Listing Rules.

Following the completion of the Share Offer, the Underwriters and their respective affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Save for their interests and obligations under the Underwriting Agreements, the sponsorship and documentation fee payable to the Sponsor in connection with the Listing, and the fee payable to the Sponsor for its acting as our compliance adviser, none of the Sponsor, the Bookrunner, the Joint Lead Managers and the Underwriters is interested, beneficially or otherwise, 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.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of initially 150,000,000 Offer Shares will be made available under the Share Offer, of which 135,000,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option), representing 90% of the Offer Shares, will initially be conditionally placed with selected professional, institutional and private investors under the Placing. The remaining 15,000,000 Public Offer Shares (subject to reallocation), representing 10% of the Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriters have agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriters will underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed “Underwriting” of this prospectus. Investors may apply for Offer Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

The Placing

Our Company is expected to offer initially 135,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option) at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer. The Placing is expected to be fully underwritten by the Placing Underwriters (subject to satisfaction or waiver of the other conditions provided in the Placing Underwriting Agreement).

It is expected that the Placing Underwriters or selling agents nominated by them, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Private investors applying through banks or other institutions who sought the Placing Shares in the Placing may also be allocated the Placing Shares.

Allocation of the Placing Shares will be 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 acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Our Company, our Directors, the Sponsor and Joint Lead Managers (for themselves and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Public Offer from investors who receive Shares under the Placing, and to identify and reject indications of interest in the Placing from investors who receive Shares under the Public Offer.

The Placing is expected to be subject to the conditions as stated in the paragraph headed “Conditions of the Share Offer” in this section.

The Public Offer

Our Company is initially offering 15,000,000 Public Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares offered under the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriters (subject to satisfaction or waiver of the other conditions provided in the Public Offer Underwriting Agreement). Applicants for the Public Offer Shares are required on application to pay the Offer Price of HK\$0.24 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investor. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant’s application under the Public Offer is liable to be rejected. Multiple applications or suspected multiple applications and any application made for more than 100% of the Shares initially comprised in the Public Offer (i.e. 15,000,000 Public Offer Shares) are liable to be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

RE-ALLOCATION OF THE OFFER SHARES BETWEEN PLACING AND PUBLIC OFFER

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

- (a) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the total number of Shares available for

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

subscription under the Public Offer will be increased to 45,000,000 Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;

- (b) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 60,000,000 Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer; and
- (c) if the number of Shares validly applied for under the Public Offer represents 100 times or more the number of Shares initially available for subscription under the Public Offer, then Shares will be reallocated to the Public Offer from the Placing, so that the number of Shares available for subscription under the Public Offer will be increased to 75,000,000 Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer.

In all cases, the number of Offer Shares allocated to the Placing will be correspondingly reduced. 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 Joint Lead Managers.

OFFER SIZE ADJUSTMENT OPTION

Our Company has granted the Offer Size Adjustment Option, exercisable by the Joint Lead Managers or their agent on behalf of the Placing Underwriters at any time during the period from the date of the Placing Underwriting Agreement to the Business Day immediately before the date of the announcement of the results of allocations and the basis of allocation of the Public Offer Shares or otherwise it will lapse, to require our Company to allot and issue up to an aggregate of 22,500,000 additional Shares, representing 15% of the number of the Offer Shares initially being offered under the Share Offer, on the same terms as those applicable to the Share Offer. The Offer Size Adjustment Option will not be used for price stabilisation purposes in the secondary market after listing of the Shares on the Stock Exchange and is not subject to the Securities and Future (Price Stabilizing) Rules of the SFO. Any such additional Shares may be issued to cover any excess demand in the Placing and in the event that the Offer Size Adjustment Option is exercised, the Joint Lead Managers in their absolute discretion may decide to whom and proportions in which the additional Shares will be allotted. If the Offer Size Adjustment Option is exercised in full, the additional 22,500,000 Shares and the Offer Shares will represent approximately 4.3% and 28.7% respectively of our Company's enlarged share capital immediately after completion of the Share Offer and the exercise of the Offer Size Adjustment Option.

Our Company will disclose in the announcement of the results of allocations and the basis of allocation of the Public Offer Shares whether, and to what extent, the Offer Size Adjustment Option has been exercised. In the event that the Offer Size Adjustment Option

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

has not been exercised by the Joint Lead Managers on behalf of the Placing Underwriters, our Company will confirm in such announcement that the Offer Size Adjustment Option has lapsed and cannot be exercised at any future date.

OFFER PRICE

The Offer Price will be fixed by the Price Determination Agreement on the Price Determination Date, which is expected to be on or around Wednesday, 23 November 2016. If the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and our Company are unable to reach an agreement on the Offer Price by Wednesday, 23 November 2016, the Share Offer will not become unconditional and will not proceed. The Joint Lead Managers (for themselves and on behalf of the other Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range to below that stated in this prospectus at any time prior to the Price Determination Date. In such a case, our Company will, as soon as practicable following the decision to make such reduction, cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.goldwayedugp.com** an announcement of such change on or before the Price Determination Date. Prospective investors of the Offer Shares should be aware that the Offer Price to be determined on the Price Determination Date may be, but is currently not expected to be, lower than the indicative Offer Price range stated in this prospectus.

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 Offer Price will fall within the indicative Offer Price range as stated in this prospectus unless otherwise announced.

If for any reason the Price Determination Date is changed, our Company will as soon as practicable cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.goldwayedugp.com** a notice of the change and if applicable the revised date. Assuming that the Offer Size Adjustment Option is not exercised at all, the net proceeds from the Share Offer based on the Offer Price of HK\$0.22 per Share (being the mid-point of the stated range of the Offer Price) are estimated to be approximately HK\$15.0 million, after deduction of the underwriting commission and other expenses relating to the Share Offer and the Listing payable by our Company.

ANNOUNCEMENT OF OFFER PRICE AND BASIS OF ALLOCATIONS

Announcement of the final Offer Price, together with the level of indication of interests in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.goldwayedugp.com** on Thursday, 1 December 2016.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

PRICE PAYABLE ON APPLICATION

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. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK\$0.24 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK\$2,909.02 per board lot of 12,000 Offer Shares. If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.24 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

Further details are set out in the section headed “How to apply for Public Offer Shares” of this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for Offer Shares will be conditional upon, among others:

- (i) 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 GEM and such grant and permission not subsequently being revoked prior to the Listing Date;
- (ii) the Price Determination Agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the other Underwriters) being entered into on or before the Price Determination Date and such agreement not having been subsequently terminated; and
- (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Joint Lead Managers (for themselves and on behalf of the other Underwriters) and the Underwriting Agreements not being terminated in accordance with the terms of that agreement or otherwise).

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 such conditions have not been fulfilled or waived by the Joint Lead Managers (for themselves and on behalf of the other Underwriters) 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 our Company on the website of the Stock Exchange at www.hkexnews.hk and our Company’s website at www.goldwayedugp.com on the next Business Day following such lapse.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus. Subject to the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus 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. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights and interests.

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 to enable the Shares to be admitted into CCASS.

DEALINGS AND SETTLEMENT

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 2 December 2016. Shares will be traded in board lots of 12,000 Shares each and are freely transferable.

HOW TO APPLY FOR 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 Joint Lead Managers, 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 under the U.S. Securities Act); 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, the Joint Lead Managers may accept it at their discretion and on any conditions they think fit, including 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 and/or any of our subsidiaries;
- a Director or chief executive officer of our Company and/or any of our subsidiaries;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- an associate (as defined in the GEM Listing Rules) of any of the above;
- a connected person of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; and
- 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 Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 17 November 2016 to 12:00 noon on Tuesday, 22 November 2016 from:

- (i) any of the following offices of the Public Offer Underwriters:

CSL Securities Limited

Room 1406–12, 14/F, Nan Fung Tower
88 Connaught Road Central
Central
Hong Kong

Kingsway Financial Services Group Limited

7/F, Tower One, Lippo Centre
89 Queensway
Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (ii) any of the following branches of Bank of Communications Co., Ltd. Hong Kong Branch:

District	Branch	Address
Hong Kong Island	Wanchai Sub-Branch	Shop B on G/F., Johnston Court, 32–34 Johnston Road
Kowloon	Ngau Tau Kok Sub-Branch	Shop G1&G2, G/F., Phase I, Amoy Plaza, 77 Ngau Tau Kok Road
New Territories	Tai Po Sub-Branch	Shop No.1,2, 26 & 27, G/F., Wing Fai Plaza, 29–35 Ting Kok Road, Tai Po

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 17 November 2016 until 12:00 noon on Tuesday, 22 November 2016 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

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 "Bank of Communications (Nominee) Co. Ltd. — Goldway Education 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:

Thursday, 17 November 2016	—	9:00 a.m. to 5:00 p.m.
Friday, 18 November 2016	—	9:00 a.m. to 5:00 p.m.
Saturday, 19 November 2016	—	9:00 a.m. to 1:00 p.m.
Monday, 21 November 2016	—	9:00 a.m. to 5:00 p.m.
Tuesday, 22 November 2016	—	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 22 November 2016, the last application day or such later time as described in the paragraph headed "9. Effect of bad weather on the opening of the applications 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

By submitting an Application Form, among other things, (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 of whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Lead Managers (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 Law, the CWUMPO, the Companies Ordinance and the Memorandum and 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;
- (vi) agree that none of our Company, the Joint 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, receiving bank, the Joint 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 Joint 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;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (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;
- (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 are eligible 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 Joint Lead Managers 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).

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 Joint Lead Managers and our Hong Kong Branch Share Registrar.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 Placing Shares under the Placing;
 - (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 Joint Lead Managers 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;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- 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 Joint 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 Joint 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 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 CWUMPO 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;

HOW 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 Law, the CWUMPO, the Companies Ordinance and the Memorandum and Articles of Association of our Company; 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 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 12,000 Public Offer Shares. Instructions for more than 12,000 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

9:00 a.m. to 8:30 p.m., Thursday, 17 November 2016⁽¹⁾
8:00 a.m. to 8:30 p.m., Friday, 18 November 2016⁽¹⁾
8:00 a.m. to 8:30 p.m., Monday, 21 November 2016⁽¹⁾
8:00 a.m.⁽¹⁾ to 12:00 noon⁽¹⁾, Tuesday, 22 November 2016

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 Thursday, 17 November 2016 until 12:00 noon on Tuesday, 22 November 2016 (24 hours daily, except on Saturday, 19 November 2016, Sunday, 20 November 2016 and the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 22 November 2016, the last application day or such later time as described in the paragraph 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 CWUMPO

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 CWUMPO (as applied by Section 342E of the CWUMPO).

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 Joint 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 Sponsor, the Joint 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.

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/CCAS 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 Tuesday, 22 November 2016.

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 dealing in securities; and

HOW TO APPLY FOR PUBLIC OFFER SHARES

- 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).

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 the Public Offer 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 12,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 12,000 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 — Offer Price” of 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 Tuesday, 22 November 2016.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 Tuesday, 22 November 2016 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” of this prospectus, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

Our Company expects to announce the final 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 December 2016 on our Company’s website at www.goldwayedugp.com and the website of the Stock Exchange at www.hkexnews.hk.

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.goldwayedugp.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 8:00 a.m. on Thursday, 1 December 2016;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Thursday, 1 December 2016 to 12:00 midnight on Wednesday, 7 December 2016;
- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 1 December 2016 to Tuesday, 6 December 2016 on a Business Day;
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 1 December 2016 to Monday, 5 December 2016 at the designated receiving bank branches and sub-branches.

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”.

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.

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 CWUMPO (as applied by Section 342E of the CWUMPO) 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 our agents exercise their discretion to reject your application:

Our Company, the Joint 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 Division of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or

HOW TO APPLY FOR PUBLIC OFFER SHARES

- within a longer period of up to six weeks if the Listing Division of the Stock Exchange 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;
- 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 Joint Lead Managers 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 50% of the Public Offer Shares initially offered 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 are not fulfilled in accordance with "Structure and conditions of the Share Offer — Conditions of the Share Offer" of this prospectus 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 December 2016.

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).

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 (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 dispatch/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 December 2016. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 2 December 2016 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” of 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 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 1 December 2016 or such other date as notified by us in the newspapers.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives 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) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 1 December 2016, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 1 December 2016, 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 December 2016, 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 are applying 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 "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 December 2016 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 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 December 2016, 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 sub-paragraph headed "Publication of results" above in this section on Thursday, 1 December 2016.

You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 1 December 2016 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 December 2016. 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 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 December 2016.

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 stockbroker or other professional adviser 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.

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountants, Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong.

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大華馬施雲
會計師事務所有限公司

17 November 2016

The Directors
Goldway Education Group Limited

Kingsway Capital Limited

Dear Sirs,

We set out below our report on the financial information of Goldway Education Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) comprising the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 (the “**Track Record Period**”), the consolidated statements of financial position of the Group as at 31 March 2014, 2015 and 2016 and 31 August 2016, and the statements of financial position of the Company as at 31 March 2016 and 31 August 2016, together with the notes thereto (the “**Financial Information**”), prepared on the basis of presentation set out in note 2.2 of section II below, for inclusion in the prospectus of the Company dated 17 November 2016 (the “**Prospectus**”) in connection with the listing (“**Listing**”) of the shares of the Company on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company was incorporated in the Cayman Islands on 19 October 2015 as an exempted company with limited liability under the laws of the Cayman Islands.

Pursuant to a corporate reorganisation (the “**Reorganisation**”) as described in paragraph headed “Reorganisation” in note 2.1 of section II of this report, the Company became the holding company of the subsidiaries now comprising the Group. The Company has not carried on any business since the date of its incorporation saves for the aforementioned Reorganisation.

As of the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation as it has not been involved in any significant business transactions except for the Reorganisation described above. No audited financial statements have been prepared for Simple Joyous Limited (“**Simple Joyous**”) and Billion Bright Management Limited (“**Billion Bright**”) since the respective dates of its incorporation as they have not been involved in any significant business transactions and are not subject to statutory audit requirements under their respective places of incorporation.

The statutory financial statements of Bright Union International Limited (“**Bright Union**”) for the years ended 31 March 2014, 2015 and 2016 were prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and were audited by Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group (the “**Underlying Financial Statements**”) for the Track Record Period in accordance with the basis set out in note 2.2 of section II and accounting policies set out in note 5 of section II of this report which conform with HKFRSs, which collective terms include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Respective responsibility of directors and reporting accountants

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information prepared in accordance with the basis of presentation set out in note 2 of section II below and the accounting policies set out in note 5 of section II below and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”), and the contents of this Prospectus in which this report is included. The directors of the Company are also responsible for such internal control as they determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you. For the purpose of this report, we have carried out appropriate audit procedures on the Underlying Financial Statements for the Track Record Period in accordance with Hong Kong Standards on Auditing (the “**HKSAs**”) issued by the HKICPA. We have examined the Financial Information in accordance with Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA and have carried out such additional procedures on the Financial Information as we considered necessary.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis as set out in note 2 of section II below and, the Financial Information gives a true and fair view of the financial position of the Group as at 31 March 2014, 2015 and 2016 and 31 August 2016 and of the Company as at 31 March 2016 and 31 August 2016 and of the financial performance and cash flows of the Group for the Track Record Period.

Corresponding Financial Information

The comparative consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the five months ended 31 August 2015 together with the notes thereon have been extracted from the Group's unaudited consolidated financial information for the same period (the "**Comparative Financial Information**") which was prepared by the directors of the Company solely for the purpose of this report. We conducted our review on the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the Comparative Financial Information consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the Comparative Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Comparative Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	<i>Notes</i>	Years ended 31 March			Five months ended 31 August	
		2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i>
Revenue	8	36,238	36,249	38,576	13,376	13,651
Other income	8	2	3	7	2	1
Advertising expenses		(125)	(72)	(131)	(31)	(34)
Building management fees and rates		(646)	(693)	(704)	(284)	(356)
Depreciation expenses		(580)	(720)	(774)	(320)	(288)
Employee benefit expenses		(14,088)	(12,954)	(13,555)	(5,597)	(5,860)
Operating lease expenses		(6,318)	(7,092)	(7,833)	(3,329)	(3,168)
Other operating expenses		(1,948)	(2,080)	(1,954)	(861)	(836)
Listing expenses		—	(1,354)	(6,306)	—	(625)
Finance costs	9	(109)	—	(70)	(26)	—
Profit before income tax	10	12,426	11,287	7,256	2,930	2,485
Income tax expense	12	(2,114)	(2,123)	(2,267)	(521)	(542)
Profit and total comprehensive income attributable to owners of the Company for the year/period		<u>10,312</u>	<u>9,164</u>	<u>4,989</u>	<u>2,409</u>	<u>1,943</u>
Earnings per share attributable to equity holders of the Company	14	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Consolidated Statements of Financial Position

		As at 31 March			As at
		2014	2015	2016	31 August
	Notes	HK\$'000	HK\$'000	HK\$'000	2016
					HK\$'000
ASSETS AND LIABILITIES					
Non-current asset					
Property, plant and equipment	15	<u>826</u>	<u>1,210</u>	<u>1,148</u>	<u>1,015</u>
Current assets					
Account receivables	16	1,269	1,427	721	486
Prepayments and deposits	17	3,446	2,266	4,785	5,603
Amounts due from shareholders	18	4,232	—	372	—
Cash and cash equivalents	19	<u>7,137</u>	<u>8,370</u>	<u>13,730</u>	<u>10,757</u>
		<u>16,084</u>	<u>12,063</u>	<u>19,608</u>	<u>16,846</u>
Current liabilities					
Accruals, receipts in advance and other payables	20	1,839	1,900	4,690	3,243
Amount due to a shareholder	18	—	1,347	—	—
Tax payable		<u>718</u>	<u>9</u>	<u>688</u>	<u>697</u>
		<u>2,557</u>	<u>3,256</u>	<u>5,378</u>	<u>3,940</u>
Net current assets		<u>13,527</u>	<u>8,807</u>	<u>14,230</u>	<u>12,906</u>
Net assets		<u>14,353</u>	<u>10,017</u>	<u>15,378</u>	<u>13,921</u>
EQUITY					
Equity attributable to owners of the Company					
Share capital	21	—	—	—	—
Reserves	22	<u>14,353</u>	<u>10,017</u>	<u>15,378</u>	<u>13,921</u>
Total equity		<u>14,353</u>	<u>10,017</u>	<u>15,378</u>	<u>13,921</u>

Consolidated Statements of Changes in Equity

	Equity attributable to owners of the Company			
	Share capital	Capital reserve	Retained profits	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	—	—	6,741	6,741
Profit and total comprehensive income for the year	—	—	10,312	10,312
Special dividends declared (<i>note 13</i>)	—	—	(2,700)	(2,700)
At 31 March 2014 and 1 April 2014	—	—	14,353	14,353
Profit and total comprehensive income for the year	—	—	9,164	9,164
Special dividends declared (<i>note 13</i>)	—	—	(9,000)	(9,000)
Interim dividends declared (<i>note 13</i>)	—	—	(4,500)	(4,500)
At 31 March 2015 and 1 April 2015	—	—	10,017	10,017
Issuance of shares of Billion Bright pursuant to the Reorganisation (<i>note 22</i>)	—	3,372	—	3,372
Profit and total comprehensive income for the year	—	—	4,989	4,989
Special dividends declared (<i>note 13</i>)	—	—	(3,000)	(3,000)
At 31 March 2016 and 1 April 2016	—	3,372	12,006	15,378
Profit and total comprehensive income for the period	—	—	1,943	1,943
Special dividends declared (<i>note 13</i>)	—	—	(3,400)	(3,400)
At 31 August 2016	<u>—</u>	<u>3,372</u>	<u>10,549</u>	<u>13,921</u>
For the five months ended 31 August 2015 (Unaudited)				
At 1 April 2015	—	—	10,017	10,017
Profit and total comprehensive income for the period	—	—	2,409	2,409
At 31 August 2015	<u>—</u>	<u>—</u>	<u>12,426</u>	<u>12,426</u>

Consolidated Statements of Cash Flows

	<i>Notes</i>	Years ended 31 March			Five months ended 31 August	
		2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
					(Unaudited)	
Cash flows from operating activities						
Profit before income tax		12,426	11,287	7,256	2,930	2,485
Adjustments for:						
Depreciation of property, plant and equipment		580	720	774	320	288
Interest expenses		109	—	70	26	—
Interest income		(1)	(1)	(2)	(1)	(1)
Loss on disposal of property, plant and equipment		10	—	—	—	—
Listing expenses	28(a)	—	1,354	—	—	—
Operating profit before working capital changes		13,124	13,360	8,098	3,275	2,772
(Increase)/decrease in account receivables		(404)	(158)	706	835	235
Increase in prepayments and deposits		(116)	(174)	(2,519)	(309)	(818)
(Decrease)/increase in accruals, receipts in advance and other payables		(8)	61	2,790	664	(1,447)
Net cash generated from operations		12,596	13,089	9,075	4,465	742
Income tax paid		(328)	(2,832)	(1,588)	—	(533)
Interest income		1	1	2	1	1
Net cash generated from operating activities		<u>12,269</u>	<u>10,258</u>	<u>7,489</u>	<u>4,466</u>	<u>210</u>
Cash flows from investing activities						
(Decrease)/increase in balance with shareholders		(4,270)	(391)	—	14	—
Purchases of property, plant and equipment		(57)	(1,104)	(712)	(298)	(155)
Proceeds from sales of property, plant and equipment		89	—	—	—	—
Net cash used in investing activities		<u>(4,238)</u>	<u>(1,495)</u>	<u>(712)</u>	<u>(284)</u>	<u>(155)</u>

		Years ended 31 March			Five months ended 31 August	
		2014	2015	2016	2015	2016
Notes		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(Unaudited)	
Cash flows from financing activities						
Proceeds from issuance of new shares	22, 28(b)	—	—	3,000	—	—
Proceeds from borrowings		—	—	3,000	3,000	—
Repayment of borrowings		(5,240)	—	(3,000)	(990)	—
Interest paid		(109)	—	(70)	(26)	—
Dividends paid	13, 28(c)	(2,700)	(7,530)	(4,300)	(500)	(3,028)
Decrease in balance with shareholders		—	—	(47)	—	—
Net cash (used in)/generated from financing activities		<u>(8,049)</u>	<u>(7,530)</u>	<u>(1,417)</u>	<u>1,484</u>	<u>(3,028)</u>
Net (decrease)/increase in cash and cash equivalents		(18)	1,233	5,360	5,666	(2,973)
Cash and cash equivalents at beginning of the year/period		<u>7,155</u>	<u>7,137</u>	<u>8,370</u>	<u>8,370</u>	<u>13,730</u>
Cash and cash equivalents at end of the year/period		<u><u>7,137</u></u>	<u><u>8,370</u></u>	<u><u>13,730</u></u>	<u><u>14,036</u></u>	<u><u>10,757</u></u>

Statements of Financial Position

		As at 31 March 2016 <i>HK\$'000</i>	As at 31 August 2016 <i>HK\$'000</i>
	<i>Notes</i>		
ASSET			
Current asset			
Amount due from a shareholder	18	—	—
Net asset		—	—
EQUITY			
Share capital	21	—	—
Total equity		—	—

II. NOTES TO FINANCIAL INFORMATION

1. Corporate information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 October 2015. The registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Group is principally engaged in the provision of tutoring services in Hong Kong. The Group provides private tutoring services including primary and secondary tutoring services under the trade name of “Logic Tutorial Centre”.

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability, the particulars of which are set out as follows:

Company name	Place and date of incorporation and kind of legal entity	Particulars of issued and fully paid up share capital	Attributable equity interest		Place of operation and principal activities
			direct	indirect	
Simple Joyous	Incorporated in the BVI on 25 August 2015	1 ordinary share of United States dollars (“US\$”) 1 each	100%	—	Investment holding
Billion Bright	Incorporated in the BVI on 1 July 2009	50,000 ordinary shares of US\$1 each	—	100%	Investment holding
Bright Union	Incorporated in Hong Kong on 7 December 2007	10,000 ordinary shares of HK\$1 each	—	100%	Provision of private tutoring services in Hong Kong

2. Group reorganisation and basis of presentation

2.1 Reorganisation

The companies comprising the Group underwent a reorganisation in preparation for Listing, pursuant to which the Company became the holding company of the Group. The Reorganisation involved the following major steps:

2.1.1 Acquisition of Bright Union by Billion Bright and subscriptions of shares in Billion Bright

On 1 September 2015, Mr. Cheung Lick Keung (“Mr. Cheung”) transferred one share in Bright Union to Billion Bright, in consideration of Billion Bright allotting and issuing 10 shares in Billion Bright, all credited as fully paid, to Mr. Cheung. Upon completion of the share transfer, Bright Union is wholly-owned by Billion Bright.

On 1 September 2015, each of Mr. Cheung and Mr. Cheung Luk Sun subscribed for 23,819 shares and 23,819 shares in Billion Bright, respectively, all credited as fully paid. Upon completion of the share subscriptions, Billion Bright is owned as to 50.01% by Mr. Cheung and as to 49.99% by Mr. Cheung Luk Sun.

2.1.2 Investment in Billion Bright by Wealth Secret Limited (“Wealth Secret”)

On 1 September 2015, Wealth Secret subscribed for 2,350 shares in Billion Bright at the consideration of HK\$3,000,000, with reference to the price-to-earnings ratio of approximately 6.960 times based on the earnings per share of Billion Bright on the enlarged basis being the net profit after tax for the year ended 31 March 2015 of approximately HK\$9,171,000 divided by the total issued share capital in Billion Bright of even date. Upon completion of the pre-IPO investment, Billion Bright is owned as to 47.66% by Mr. Cheung, as to 47.64% by Mr. Cheung Luk Sun and as to 4.70% by Wealth Secret.

2.1.3 Incorporation of the Company

On 19 October 2015, the Company was incorporated in the Cayman Islands with limited liability. At the time of its incorporation, the Company had 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 to the initial subscriber, which was transferred to Digital Achiever Limited (“Digital Achiever”), a company incorporated in the British Virgin Islands (“BVI”) with limited liability on 3 July 2015, which is directly wholly-owned by Mr. Cheung on the same date.

2.1.4 Incorporation of Simple Joyous

On 25 August 2015, Simple Joyous was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US\$1 each, of which one share was allotted and issued to the Company, credited as fully paid on 26 October 2015.

2.1.5 Acquisition of Billion Bright by the Company

On 3 November 2016, each of Mr. Cheung, Mr. Cheung Luk Sun and Wealth Secret transferred 23,830 shares, 23,820 shares and 2,350 shares in Billion Bright, respectively, to Simple Joyous, in consideration of the Company allotting and issuing 2,382 shares, 2,382 shares and 235 shares, all credited as fully paid, to Digital Achiever (at the direction of Mr. Cheung), Golden Dust Holdings Limited, a company incorporated in the BVI with limited liability on 10 July 2015, which is directly wholly-owned by Mr. Cheung Luk Sun (at the

direction of Mr. Cheung Luk Sun) and Wealth Secret, respectively, and the share transfers were completed on 3 November 2016. Upon completion of the share transfers, Billion Bright became an indirect wholly-owned subsidiary of the Company.

2.2 Basis of presentation

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 Period on 3 November 2016, the Group is regarded as a continuing entity resulting from the Reorganisation since the insertions of certain new holding companies at the top of Billion Bright have no commercial substance and do not form a business combination. Accordingly, the Financial Information and Comparative Financial Information have been prepared using the principles of merger accounting as if the Reorganisation had occurred as of the beginning of the earliest period presented and the current group structure had always been in existence.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the Track Record Period include the results and cash flows of all companies now comprising the Group, as if the current structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016 have been prepared to present the state of affairs of the Group as if the current group structure had been in existence as at the respective dates.

The assets and liabilities of the companies comprising the Group are consolidated using the existing book values. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of combination.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred.

3. Basis of preparation

The Financial Information and Comparative Financial Information have been prepared in accordance with the basis of presentation set out in note 2.2 and the accounting policies in note 5 which comply with HKFRSs, which collective terms include all applicable individual Hong Kong Financial Reporting Standards, HKASs and Interpretations issued by the HKICPA. The Financial Information and Comparative Financial Information also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules. All HKFRSs effective for the accounting periods commencing from 1 April 2016 and relevant to the Group, have been adopted by the Group in the preparation of Financial Information and Comparative Financial information consistently throughout the Track Record Period to the extent required or allowed by the transitional provisions in the HKFRSs.

The HKICPA has issued a number of new or revised HKFRSs which are relevant to the Group and become effective during the Track Record Period. In preparing these Financial Information and Comparative Financial Information, the Group has consistently adopted all these new or revised HKFRSs throughout the Track Record Period. At the date of this report, certain new or revised HKFRSs have been issued by the HKICPA but are not yet effective and have not been adopted early by the Group. Details of which are set out in note 4.

The Financial Information and Comparative Financial Information have been prepared under historical cost convention.

It should be noted that accounting estimates and assumptions are used in the preparation of the Financial Information and Comparative Financial Information. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information and Comparative Financial Information are disclosed in note 6.

The Financial Information and Comparative Financial Information are presented in Hong Kong dollar ("HK\$") which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

4. Impact of issued but not yet effective HKFRSs

At the date of this report, the following new or amended HKFRSs have been published but are not yet effective for the year ending 31 March 2017, and have not been early adopted by the Group.

		Effective for annual reporting periods beginning on or after
HKFRS 10 and HKAS 28 (2011) Amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined*
HKAS 7 Amendments	Disclosure Initiative	1 January 2017
HKAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKFRS 2 Amendments	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019

* On 6 January 2016, the HKICPA issued "Effective Date of Amendments to HKFRS 10 and HKAS 28", following the International Accounting Standards Board's equivalent amendments. This update defers/removes the effective date of the amendments in "Sole or Contribution of Assets between an Investor and its Associate or Joint Venture" that the HKICPA issued on 7 October 2014. Early application of these amendments continues to be permitted.

Management is in the process of making an assessment on the impact of these standards, amendments and interpretations to existing HKASs and HKFRSs and is not yet in a position to state whether they will have a significant impact on the Group's results of operation and financial position except for following:

HKFRS 16 "Leases"

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees. The new standard maintains substantially the lessor accounting requirements in the current standard.

A lessee is required to recognise a right-of-use asset and a lease liability at the commencement of lease arrangement. Right-of-use asset includes the amount of initial measurement of lease liability, any lease payment made to the lessor at or before the lease commencement date, estimated cost to be incurred by the lessee for dismantling or removing the underlying assets from and restoring the site, as well as any other initial direct cost incurred by the lessee. Lease liability represents the present value of the lease payments. Subsequently, depreciation and impairment

expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 “Property, Plant and Equipment”, while lease liability will be increased by the interest accrual, which will be charged to profit or loss, and deducted by lease payments.

The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The total operating lease commitments of the Group in respect of leased premises as at each of the reporting dates of the Track Record Period are set out in note 23, the management of the Group expects that the adoption of HKFRS 16 is unlikely to result in significant impact on the Group’s result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

5. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the Financial Information and Comparative Financial Information are summarised below. These policies have been consistently applied to all the years/periods presented unless otherwise stated.

Basis of consolidation and subsidiaries

The Financial Information and Comparative Financial Information incorporate the financial statements of the Company and its subsidiaries comprising the Group for the Track Record Period. As explained in note 2 above, the Reorganisation is accounted for using merger basis of accounting.

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the Financial Information and Comparative Financial Information. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group’s perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Property, plant and equipment

Property, plant and equipment are stated at cost less provisions for depreciation and impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item. When an item of property, plant and equipment is sold, its cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss.

Depreciation is provided on the straight-line method, based on the estimated economic useful life of the individual assets, as follows:

Leasehold improvements	Over the lease term
Motor vehicles	20%
Furniture, fixtures and equipment	20%

Impairment of non-financial assets

When an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount of the asset 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 to sell, 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 profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is any 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 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) 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.

Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the assets is acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus direct transaction costs that are directly attributable to the acquisition of the financial assets. Regular way

purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

The Group's financial assets include account receivables, deposits, amounts due from shareholders and cash and cash equivalents are classified and accounted for as loans and receivables. Financial assets are recognised on the trade date.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Any changes in their value are recognised in profit or loss.

Derecognition of financial assets occurs when the rights to receive cash flows from the financial assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment loss on loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all the amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the entity's shareholders or directors, where appropriate.

Financial liabilities

The Group's financial liabilities include accruals and other payables and amount due to a shareholder. Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled, or expire.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks which 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.

Provisions and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

All provisions are reviewed at the end of reporting period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Income tax

Income tax represents the sum of 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 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, 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 profits will be available against which 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, 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 is calculated, without discounting, at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services and the use by others of the Group's assets which yield interests, net of discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

- (a) Income from tutoring services is recognised when the services are rendered.
- (b) Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

The group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. 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.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Group's parent.

OR

- (b) An entity is related to the Group if any of the following conditions apply:
- (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 an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) the entities 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 the employees either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (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); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

The measurement policies the Group uses for reporting segment results under HKFRS 8 "Operating Segments" are the same as those used in its financial statements prepared under HKFRSs.

6. Significant accounting judgments and estimates

The preparation of the Financial Information and Comparative Financial Information requires the directors of the Company to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors have considered the development, selection and disclosure of the group's critical accounting judgements and estimates.

Estimates and assumptions

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 discussed below.

Impairment of 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 judgement. A considerable amount of judgement 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.

Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value-in-use of the cash-generating unit to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

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 lives 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. Segment information

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's executive directors in order to allocate resources and assess performance of the segment. For the Track Record Period, executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in the provision of tutoring services which is the basis to allocate resources and assess performance. The Group's revenue from external customers is divided into the following types of services:

	Years ended 31 March			Five months ended 31 August	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
				(Unaudited)	
Primary tutoring services	6,439	6,699	7,708	2,823	3,002
Secondary tutoring services	29,799	29,550	30,868	10,553	10,649
	<u>36,238</u>	<u>36,249</u>	<u>38,576</u>	<u>13,376</u>	<u>13,651</u>

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Hong Kong as its place of domicile. All the Group's revenue and non-current assets are principally attributable to Hong Kong, being the single geographical region.

8. Revenue and other income

Revenue from the Group's principal activities, which is also the Group's turnover, represents the income from provision of tutoring services. Revenue and other income recognised during the Track Record Period is as follows:

	Years ended 31 March			Five months ended 31 August	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
				(Unaudited)	
Revenue					
Income from tutoring services	<u>36,238</u>	<u>36,249</u>	<u>38,576</u>	<u>13,376</u>	<u>13,651</u>
Other income					
Interest income	1	1	2	1	1
Others	<u>1</u>	<u>2</u>	<u>5</u>	<u>1</u>	<u>—</u>
	<u>2</u>	<u>3</u>	<u>7</u>	<u>2</u>	<u>1</u>

9. Finance costs

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Interest on bank borrowings wholly repayable within five years	109	—	70	26	—

10. Profit before income tax

Profit before income tax is arrived at after charging:

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Auditor's remuneration	200	203	200	83	83
Loss on disposal of property, plant and equipment	10	—	—	—	—
License fees (<i>note</i>)	21	39	—	—	—
Employee benefit expenses (including directors' remuneration (<i>note 11</i>))					
Salaries and wages	13,418	12,338	12,941	5,342	5,598
Pension scheme contributions — Defined contribution plan	670	616	614	255	262
	14,088	12,954	13,555	5,597	5,860

Note: License fees represent fees paid to Hong Kong Examination and Assessment Authority ("HKEAA") for acquiring the licenses to use the HKEAA's published materials.

11. Directors' remuneration, five highest paid employees and senior management emoluments**(a) Directors' remuneration**

The Company did not have any executive directors, non-executive directors and independent non-executive directors at any time before 19 October 2015 since the Company was only incorporated on 19 October 2015.

Mr. Cheung and Ms. Chan Hoi Ying Karina were re-designated and appointed as executive directors of the Company respectively on 26 November 2015. Mr. Tsang Hin Man Terence and Ms. Wong Yi Ling were appointed on 8 March 2016 as non-executive directors. Mr. Chan Hoi Keung Terence, Mr. Sek Ngo Chi and Mr. Ho Kin were appointed as independent non-executive directors of the Company on 3 November 2016, 7 November 2016 and 3 November 2016, respectively.

No directors received any remuneration from the Company during the Track Record Period.

Certain of the directors received remuneration from Bright Union, a subsidiary now comprising the Group, for their appointment as directors of Bright Union. The remuneration of each of these directors as recorded in the financial statements of Bright Union during the Track Record Period is set out below:

	Fees <i>HK\$'000</i>	Salaries, allowances and benefits in kind <i>HK\$'000</i>	Pension scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2014				
<i>Executive directors:</i>				
Mr. Cheung	—	375	15	390
Ms. Chan Hoi Ying Karina	—	135	23	158
	—	510	38	548
Year ended 31 March 2015				
<i>Executive directors:</i>				
Mr. Cheung	—	378	17	395
Ms. Chan Hoi Ying Karina	—	138	17	155
	—	516	34	550
Year ended 31 March 2016				
<i>Executive directors:</i>				
Mr. Cheung	—	378	18	396
Ms. Chan Hoi Ying Karina	—	138	7	145
	—	516	25	541
Five months ended 31 August 2015 (Unaudited)				
<i>Executive directors:</i>				
Mr. Cheung	—	157	7	164
Ms. Chan Hoi Ying Karina	—	58	3	61
	—	215	10	225
Five months ended 31 August 2016				
<i>Executive directors:</i>				
Mr. Cheung	—	157	7	164
Ms. Chan Hoi Ying Karina	—	58	3	61
	—	215	10	225

(b) Five highest paid individuals

The five highest paid individuals of the Group included one director for the Track Record Period whose emoluments are reflected in note 11(a).

The analysis of the emolument of the remaining four highest paid individuals for the Track Record Period, whose remuneration fell within the band of Nil to HK\$1,000,000, are set out below:

	Years ended 31 March			Five months ended 31 August	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
				(Unaudited)	
Salaries, allowances and benefits in kind	1,544	1,467	1,547	671	657
Contributions to pension fund	<u>60</u>	<u>69</u>	<u>69</u>	<u>29</u>	<u>29</u>
	<u>1,604</u>	<u>1,536</u>	<u>1,616</u>	<u>700</u>	<u>686</u>

(c) During the Track Record Period, no director or any of the highest paid individuals waived or agreed to waive any emoluments. No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

(d) Senior management's emoluments

The emoluments paid or payable to members of senior management for the Track Record Period fell within the following band:

	Number of the individuals for the years ended 31 March			Number of the individuals for the five months ended 31 August	
	2014	2015	2016	2015	2016
				(Unaudited)	
Nil–HK\$1,000,000	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

12. Income tax expense

	Years ended 31 March			Five months ended 31 August	
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
				(Unaudited)	
Current tax — Hong Kong	<u>2,114</u>	<u>2,123</u>	<u>2,267</u>	<u>521</u>	<u>542</u>

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit during the Track Record Period.

A reconciliation of the income tax expense applicable to profit before income tax at the statutory tax rate to income tax expense at the effective tax rate is as follows:

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)				
Profit before income tax	<u>12,426</u>	<u>11,287</u>	<u>7,256</u>	<u>2,930</u>	<u>2,485</u>
Tax on profit before income tax at 16.5%	2,050	1,864	1,199	483	410
Effect of non-deductible expense	1	233	1,008	—	103
Tax on temporary differences not recognised	73	46	80	38	29
Effect of tax reduction	<u>(10)</u>	<u>(20)</u>	<u>(20)</u>	<u>—</u>	<u>—</u>
Income tax expense	<u>2,114</u>	<u>2,123</u>	<u>2,267</u>	<u>521</u>	<u>542</u>

Deferred tax has not been provided at 31 March 2014, 2015 and 2016 and 31 August 2016 because there are no material temporary differences.

13. Dividends

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)				
Special dividends	2,700	9,000	3,000	—	3,400
Interim dividends	<u>—</u>	<u>4,500</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>2,700</u>	<u>13,500</u>	<u>3,000</u>	<u>—</u>	<u>3,400</u>

Special dividends of approximately HK\$2,700,000, HK\$9,000,000, HK\$3,000,000, HK\$nil and HK\$3,400,000 for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016 respectively and interim dividends of approximately HK\$4,500,000 for the year ended 31 March 2015, represented dividends paid by Bright Union to its then equity owners. The rate of dividend and the number of shares ranking for dividend is not presented as such information is not meaningful having regard to the purpose of this report.

14. Earnings per share

Earnings per share is not presented as its inclusion for the purpose of the Financial Information and Comparative Financial Information, is not considered meaningful due to the Reorganisation and the presentation of the results of the Group for the Track Record Period on the basis as disclosed in note 2.2.

15. Property, plant and equipment

	Leasehold improvements <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Furniture, fixture and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
At 1 April 2013	2,404	227	1,127	3,758
Additions	7	—	50	57
Disposals	—	(120)	—	(120)
At 31 March 2014 and at 1 April 2014	2,411	107	1,177	3,695
Additions	813	—	291	1,104
At 31 March 2015 and at 1 April 2015	3,224	107	1,468	4,799
Additions	605	—	107	712
At 31 March 2016 and at 1 April 2016	3,829	107	1,575	5,511
Additions	119	—	36	155
At 31 August 2016	<u>3,948</u>	<u>107</u>	<u>1,611</u>	<u>5,666</u>
Accumulated depreciation				
At 1 April 2013	1,792	68	450	2,310
Charge for the year	310	39	231	580
Written back	—	(21)	—	(21)
At 31 March 2014 and at 1 April 2014	2,102	86	681	2,869
Charge for the year	433	21	266	720
At 31 March 2015 and at 1 April 2015	2,535	107	947	3,589
Charge for the year	563	—	211	774
At 31 March 2016 and at 1 April 2016	3,098	107	1,158	4,363
Charge for the period	206	—	82	288
At 31 August 2016	<u>3,304</u>	<u>107</u>	<u>1,240</u>	<u>4,651</u>
Net carrying amount				
At 31 March 2014	<u>309</u>	<u>21</u>	<u>496</u>	<u>826</u>
At 31 March 2015	<u>689</u>	<u>—</u>	<u>521</u>	<u>1,210</u>
At 31 March 2016	<u>731</u>	<u>—</u>	<u>417</u>	<u>1,148</u>
At 31 August 2016	<u>644</u>	<u>—</u>	<u>371</u>	<u>1,015</u>

16. Account receivables

	As at 31 March			As at
	2014	2015	2016	31 August
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Account receivables	1,269	1,427	721	486

For tutoring service income, there is no credit period granted as it is normally received in advance.

Ageing analysis of the Group's account receivables, based on the invoice dates, that are not impaired as at each reporting date is as follows:

	As at 31 March			As at
	2014	2015	2016	31 August
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
0 to 90 days past due	1,093	1,377	720	461
Over 90 days past due	176	50	1	25
	1,269	1,427	721	486

The Group's account receivables were interest-free and relate to a large number of diversified customers and there was no significant concentration of credit risk. At 31 March 2014, 2015 and 2016 and 31 August 2016, there were no allowances for bad and doubtful debts provided as there was no recent history of significant default in respect of these customers.

The directors of the Company consider that the fair values of account receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

17. Prepayments and deposits

	As at 31 March			As at
	2014	2015	2016	31 August
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Prepayments	1,628	318	2,768	3,308
Rental deposits	1,724	1,864	1,925	2,255
Other deposits	94	84	92	40
	3,446	2,266	4,785	5,603

18. Amounts due from/(to) shareholders

The amounts due from/(to) shareholders are non-trade nature, unsecured, interest-free, and repayable on demand.

Group

A shareholder is also the director of Bright Union. The maximum balance outstanding in respect of the amount due from him is as follow:

	As at 31 March			As at
	2014	2015	2016	31 August
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Mr. Cheung				
— Balance due as of the beginning of the reporting periods	—	3,822	—	186
— Balance due as of the end of the reporting periods	<u>3,822</u>	<u>—</u>	<u>186</u>	<u>—</u>
— Maximum amount outstanding during the year/period	<u>4,483</u>	<u>3,885</u>	<u>211</u>	<u>186</u>

Company

Mr. Cheung, director of Bright Union, is the beneficial owner of the shareholder. The maximum balance outstanding in respect of amount due from a shareholder is as follow:

	As at	As at
	31 March	31 August
	2016	2016
	HK\$'000	HK\$'000
Mr. Cheung		
— Balance due as of the beginning of the reporting periods	—	—
— Balance due as of the end of the reporting periods	<u>—</u>	<u>—</u>
— Maximum amount outstanding during the year/period	<u>—</u>	<u>—</u>

19. Cash and cash equivalents

	As at 31 March			As at
	2014	2015	2016	31 August
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Cash in hand and bank balances	<u>7,137</u>	<u>8,370</u>	<u>13,730</u>	<u>10,757</u>

All cash and cash equivalents were denominated in HK\$ and were kept in Hong Kong.

Cash at banks earned interest at floating rates based on daily bank deposit rates. The bank balances were deposited with creditworthy banks with no recent history of default.

20. Accruals, receipts in advance and other payables

	As at 31 March			As at 31 August
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accruals	1,087	1,131	3,744	2,396
Other payables	200	200	200	83
Receipts in advance (<i>note</i>)	<u>552</u>	<u>569</u>	<u>746</u>	<u>764</u>
	<u>1,839</u>	<u>1,900</u>	<u>4,690</u>	<u>3,243</u>

Note: Receipts in advance represent tuition fee received in advance.

21. Share capital

The Company was incorporated in the Cayman Islands on 19 October 2015 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of par value of HK\$0.01 each. Pursuant to the resolutions in writing of the sole shareholder passed on 3 November 2016, conditional on the conditions as set out in the section headed “Structure and conditions of the Placing” in the Prospectus, the authorised share capital of the Company would be increased from HK\$380,000 to HK\$20,000,000.

On 19 October 2015, one share was allotted and issued to the initial subscriber and was transferred to Digital Achiever on the same date.

For the purpose of this report, the share capital presented as at each of the reporting dates of the Track Record Period represented the share capital of the Company.

22. Reserves

Details of the movements on the Group’s reserve are as set out in the consolidated statements of changes in equity in section I.

Capital reserve

Pursuant to the Reorganisation, Billion Bright issued 23,829 and 23,819 shares to Mr. Cheung and Mr. Cheung Luk Sun respectively, on 1 September 2015 at par. The proceeds receivable from them of HK\$372,000 was recognised an amount due from shareholders as at 31 March 2016. On the same day, 2,350 new shares were issued to Wealth Secret at a consideration of HK\$3,000,000. The resulting share capital and share premium of approximately HK\$390,000 and HK\$2,982,000 respectively are recognised as capital reserve during the year ended 31 March 2016. Details of the Reorganisation are set out in notes 2.1.1 and 2.1.2 of this report.

23. Operating lease commitments

Future minimum rental payable under non-cancellable operating leases of the Group in respect of buildings with related parties (note 25(a)) and independent third party at each of the reporting period is as follows:

	As at 31 March			As at 31 August
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	6,979	6,587	6,719	6,501
Within two to four years	<u>5,775</u>	<u>4,881</u>	<u>5,815</u>	<u>5,242</u>
	<u>12,754</u>	<u>11,468</u>	<u>12,534</u>	<u>11,743</u>

The Group leases certain properties under operating leases. The leases generally run for an initial period of two to four years, with options to renew the lease terms at the expiry dates or at dates as mutually agreed between the Group and the respective landlords/lessors.

Certain leasing arrangements have been subject to contingent rent by reference to monthly turnover throughout the leasing periods. The minimum guaranteed rental has been used to arrive at the above commitments. Certain personal guarantee given by Mr. Cheung to certain leasing arrangements have been released during the Track Record Period. One of the personal guarantee provided to leasing arrangement will be released upon the listing of shares of the Company. No contingent rent has been paid for the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2015 and 2016.

24. Capital commitments

The Group had no capital commitments at the end of each reporting period.

25. Related party disclosures**(a) Balances and transactions**

Except as disclosed elsewhere in these Financial Information and Comparative Financial Information, the Group had the following material transactions with related parties during the Track Record Period:

	Years ended 31 March			Five months ended 31 August	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Operating lease charges paid to a director and close family members of a director (<i>note</i>)	240	240	240	100	100
Staff costs paid to a close family member of a director	<u>390</u>	<u>395</u>	<u>396</u>	<u>165</u>	<u>165</u>
	<u>630</u>	<u>635</u>	<u>636</u>	<u>265</u>	<u>265</u>

Note: The operating leases are charged by the respective related parties at HK\$10,000 per month and the lease terms will be expired on 31 March 2018.

(b) Commitments with related parties

In respect of the operating lease arrangements entered with related parties as disclosed in (a) above, the future minimum rental payable under non-cancellable operating leases of the Group in respect of buildings were HK\$420,000, HK\$180,000, HK\$480,000 and HK\$380,000 as of 31 March 2014, 31 March 2015, 31 March 2016 and 31 August 2016, respectively.

(c) Compensation of key management personnel

The emoluments of directors who are also identified as members of key management of the Group during the Track Record Period are set out in note 11(a).

26. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of each reporting period are as follows:

	As at 31 March			As at
	2014	2015	2016	31 August
	HK\$'000	HK\$'000	HK\$'000	2016
				HK\$'000
Financial assets				
Loans and receivables:				
Account receivables	1,269	1,427	721	486
Deposits	1,818	1,948	2,017	2,295
Amounts due from shareholders	4,232	—	372	—
Cash and cash equivalents	7,137	8,370	13,730	10,757
	<u>14,456</u>	<u>11,745</u>	<u>16,840</u>	<u>13,538</u>
Financial liabilities				
At amortised cost:				
Accruals and other payables	1,287	1,331	3,944	2,479
Amount due to a shareholder	—	1,347	—	—
	<u>1,287</u>	<u>2,678</u>	<u>3,944</u>	<u>2,479</u>

27. Financial risk management and fair value measurement

The Group's principal financial instruments comprise account receivables, deposits, amounts due from/(to) shareholders, cash and cash equivalents, accruals and other payables. These financial instruments mainly arise from its operations.

The carrying amounts of the Group's financial instruments approximated to their fair values as at the end of each reporting period. Fair value estimates are made at a specific point in time and are based on relevant market information about the financial instruments.

These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of the directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

As the Group's revenue and expenses are mainly in HK\$ and most of the Group's assets and liabilities are denominated in HK\$, which is the functional currency of the Group's major operating entities, the foreign currency risk resulting from the Group's daily operations is considered insignificant.

The Group currently does not have a foreign currency hedging policy. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Credit risk

Credits risk relates to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

In order to minimise the credit risk, the management of the Group reviews the recoverable amount of each individual debt periodically and at each reporting date to ensure that adequate impairment loss is made for irrecoverable amounts. In this regards, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group's management considers that all the above financial assets that are not impaired under review are of good credit quality, including those that are past due.

The credit risk for cash at banks is regarded as immaterial as they are deposited with major banks located in Hong Kong.

None of the Group's financial assets are secured by collateral or other credit enhancement.

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of accruals, other payables and amount due to a shareholder, and also in respect of its cash flow management. The Company's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term. The financial liabilities of the Group are all due within twelve months at the reporting date.

Fair values of financial instruments

The notional amounts of financial assets and financial liabilities with a maturity of less than one year (including account receivables, deposits, amounts due from/(to) shareholders, cash and cash equivalents, accruals and other payables) are assumed to approximate their fair values.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as going concern and to maintain reasonable capital ratios in order to support its business and maximise shareholders' value.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Management regards total equity as capital. The amount of capital as at 31 March 2014, 2015 and 2016 and 31 August 2016 amounted to approximately HK\$14,353,000, HK\$10,017,000, HK\$15,378,000 and HK\$13,921,000 respectively, which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

28. Major non-cash transactions

- (a) The amount represents payments incurred for the previous listing exercise of the Group ("Original Listing Term") and these payments were recorded as prepayments prior to the year ended 31 March 2015. Due to the lapse of the Original Listing Term, the related listing expenses incurred previously were therefore charged to profit or loss during the year ended 31 March 2015. The allocation of prepayment in respect of listing expense under the Original Listing Term is non-cash transaction for the year ended 31 March 2015.

Listing expenses incurred during the year ended 31 March 2016 is not a reconciling item for the purpose of the consolidated statements of cash flows and is included in profit before income tax of approximately HK\$6,306,000 and HK\$625,000 for the year ended 31 March 2016 and the five months ended 31 August 2016 respectively. Listing expenses paid but not yet recognised in the profit or loss is recorded as movement in prepayment.

- (b) During the year ended 31 March 2016, proceeds from issuance of new shares of Billion Bright to Mr. Cheung and Mr. Cheung Luk Sun amounting to approximately HK\$372,000 were settled through the current accounts with its shareholders.
- (c) Dividends amounting to approximately HK\$4,670,000 and HK\$372,000 declared by Bright Union during the year ended 31 March 2015 and the five months ended 31 August 2016 respectively were settled through the current accounts with its shareholders.

29. Contingent liabilities

At the end of each of the reporting period, the Group did not have any significant contingent liabilities.

30. Event after the reporting period

The companies in the Group underwent the Reorganisation in preparation for the listing of shares of the Company on the GEM of the Stock Exchange. Further details of the Reorganisation are set out in note 2.1.

Except as disclosed elsewhere in this report, there are no other material subsequent events undertaken by the Company or by the Group after 31 August 2016.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or its subsidiaries in respect of any period subsequent to 31 August 2016.

Yours faithfully,

Moore Stephens CPA Limited

Certified Public Accountants

Hung, Wan Fong Joanne

Practising Certificate Number P05419

Hong Kong

The information set forth in this appendix does not form part of the Accountants' Report from Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information 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.

(A) UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of the Group, prepared in accordance with Rule 7.31 of the GEM Listing Rules and on the basis of the notes set out below, for the purpose of illustrating the effect of the Share Offer on the consolidated net tangible assets of the Group attributable to the owners of the Company as if the Share Offer had taken place on 31 August 2016. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated financial position of the Group attributable to the owners of the Company had the Share Offer been completed on 31 August 2016 or at any future dates.

	Audited consolidated net tangible assets attributable to the owners of the Company as at 31 August 2016 HK\$'000 (Note 1)	Estimated net proceeds from the Share Offer HK\$'000 (Note 2)	Unaudited pro forma of adjusted consolidated net tangible assets attributable to the owners of the Company HK\$'000	Unaudited pro forma of adjusted consolidated net tangible assets per Share attributable to owners of the Company HK\$ (Note 3)
Based on the Offer Price of HK\$0.20 per Share	<u>13,921</u>	<u>18,931</u>	<u>32,852</u>	<u>0.07</u>
Based on the Offer Price of HK\$0.24 per Share	<u>13,921</u>	<u>24,931</u>	<u>38,852</u>	<u>0.08</u>

Notes:

- (1) The audited consolidated net tangible assets attributable to the owners of the Company as at 31 August 2016 is extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Share Offer are based on the Offer Price of HK\$0.20 or HK\$0.24 per Offer Share (being the low end and the high end of the indicative price range of the Offer Shares), after deduction of the underwriting fees and related expenses payable by the Company in connection with the Share Offer, excluding the listing expenses of approximately HK\$6,931,000 that have been recognised in the profit or loss up to 31 August 2016 and does not take into account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and 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 the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix IV to this prospectus or otherwise.

- (3) The unaudited pro forma of adjusted consolidated net tangible assets per Share attributable to the owners of the Company is calculated based on 500,000,000 Shares in issue immediately following the completion of the Share Offer. It does not take into account any Shares which may fall to be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and 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 the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix IV to this prospectus or otherwise.
- (4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 August 2016.

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, Moore Stephens CPA Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group.

MOORE STEPHENS

CPA LIMITED

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30 Canton Road
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大華馬施雲
會計師事務所有限公司

17 November 2016

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**TO THE DIRECTORS OF GOLDWAY EDUCATION GROUP LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Goldway Education Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma of adjusted consolidated net tangible assets of the Group as at 31 August 2016 and the related notes as set out in Part A of Appendix II on pages II-1 to II-2 of the prospectus dated 17 November 2016 (the “**Prospectus**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Notes 2 to 4 of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed placing and public offer of shares (“**Share Offer**”) of the Company on the Group's financial position as at 31 August 2016 as if the proposed Share Offer had taken place at 31 August 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information as at 31 August 2016, on which an accountants' report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guidance 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circular” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing 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 of the GEM Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” 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 Unaudited Pro Forma Financial Information included in a prospectus is solely to illustrate the impact of a significant event of transaction on unadjusted financial information of the Group as if the event had occurred or the transaction 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 event or transaction at 31 August 2016 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 in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the

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 transaction 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 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(1) of the GEM Listing Rules.

Yours faithfully,

Moore Stephens CPA Limited
Certified Public Accountants

Hung, Wan Fong Joanne
Practising Certificate Number P05419
Hong Kong

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 19 October, 2015 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 3 November 2016 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 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 instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 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 Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine), 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 held 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 authorised 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, 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 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 published daily and circulating generally in Hong Kong and 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 17 November 2015.

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) 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.

(q) 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.

(r) 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.

(s) 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 GROUP**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Laws as an exempted company with limited liability on 19 October 2015. Our Company's registered office is at the office of Codan Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our Company has established a principal place of business in Hong Kong at Shop 203, Kin Sang Commercial Centre, Kin Sang Estate, Tuen Mun, New Territories, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 17 November 2015. Mr. Cheung has been appointed as the authorised representative of our Company for the acceptance of service of process in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operation is subject to the laws of the Cayman Islands and its constitutive documents comprising the Memorandum and the Articles of Association. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. The following alterations in the share capital of our Company have taken place since the date of its incorporation:

- (a) on 19 October 2015, the Incorporation Share was allotted and issued, credited as fully paid at par, to the initial subscriber, which was transferred to Digital Achiever on the same date;
- (b) on 3 November 2016, Mr. Cheung, Mr. Cheung Luk Sun and Wealth Secret transferred the entire issued share capital in Billion Bright to Simple Joyous, in consideration of our Company allotting and issuing 2,382 new Shares, 2,382 new Shares and 235 new Shares, all credited as fully paid, to Digital Achiever at the direction of Mr. Cheung, to Golden Dust at the direction of Mr. Cheung Luk Sun and to Wealth Secret, respectively;
- (c) pursuant to the written resolutions of our Shareholders dated 3 November 2016, our Company increased its authorised share capital from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 Shares; and
- (d) immediately following completion of the Share Offer and the Capitalisation Issue (not taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme; and (ii) any Shares which may be allotted and issued or

bought back by our Company under the issue mandate and the Buy-Back Mandate), the authorised share capital of our Company will be HK\$20,000,000 divided into 2,000,000,000 Shares and the issued share capital will be HK\$5,000,000 divided into 500,000,000 Shares, all fully paid or credited as fully paid and 1,500,000,000 Shares will remain unissued. Other than the allotment and issue of Shares pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of our Shareholders in its general meeting, no issue of shares will be made which would effectively alter the control of our Company.

Save as aforesaid and as mentioned in the sections headed “Share capital” and “History, Reorganisation and corporate structure — Reorganisation” of this prospectus, there has been no other alteration in the share capital of our Company since the date of its incorporation.

3. Written resolutions of our Shareholders dated 3 November 2016

Pursuant to the written resolutions of our Shareholders dated 3 November 2016:

- (a) our Company approved and adopted the Memorandum and, with effect from the Listing Date, the Articles of Association;
- (b) the authorised share capital of our Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 Shares to rank pari passu with the existing Shares in all respects; and
- (c) conditional on the same conditions as stated in the section headed “Structure and conditions of the Share Offer — Conditions of the Share Offer” of this prospectus:
 - (i) the Share Offer and the Offer Size Adjustment Option were approved and our Directors were authorised to allot and issue the Offer Shares subject to the terms and conditions stated in this prospectus;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” in this appendix, were approved and adopted and our Directors were authorised to implement the same, grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme including without limitation: (1) administering the Share Option Scheme; (2) modifying and/or amending the Share Option Scheme from time to time provided that such modifications and/or amendments are effected in accordance with the

provisions of the Share Option Scheme relating to modifications and/or amendments and the requirements of the GEM Listing Rules; (3) granting options under the Share Option Scheme and issuing and allotting from time to time any Shares pursuant to the exercise of the options that may be granted under the Share Option Scheme with an aggregate nominal value not exceeding 10% of the total nominal value of the share capital of our Company in issue on the Listing Date; and (4) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may thereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme;

- (iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, an amount of HK\$3,499,950 which will then be standing to the credit of the share premium account of our Company be capitalised and applied to pay up in full at par a total of 349,995,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company at the close of business on 3 November 2016 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in our Company, and our Directors were authorised to give effect to the Capitalisation Issue and such distribution and the Shares to be allotted and issued shall, save for the entitlements to the Capitalisation Issue, rank *pari passu* in all respects with all the then existing Shares;
- (iv) a general unconditional mandate was given to our Directors to allot, issue and deal with (otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend on Shares in accordance with the Articles of Association, the exercise of the Offer Size Adjustment Option or pursuant to the exercise of any options which may be granted under the Share Option Scheme or under the Share Offer or the Capitalisation Issue) unissued Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue and as enlarged immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company 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) 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 applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest;

- (v) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to buy back Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest; and
- (vi) conditional on the passing of the resolutions referred to in sub-paragraphs (iv) and (v) above, the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition of the aggregate nominal value of the share capital of our Company which may be allotted, issued or dealt with by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company bought back by our Company pursuant to the mandate to buy back Shares referred to in sub-paragraph (v) above.

4. Reorganisation

The companies comprising our Group underwent the Reorganisation, pursuant to which our Company became the holding company of our Group. The Reorganisation involved the following major steps:

- (a) on 1 September 2015, Mr. Cheung (i) transferred one share in Bright Union to Billion Bright, in consideration of Billion Bright allotting and issuing 10 new shares in Billion Bright to Mr. Cheung, all credited as fully paid, and (ii) subscribed for 23,819 new shares in Billion Bright, at the consideration of US\$23,819, representing the nominal value of the shares in Billion Bright;
- (b) on 1 September 2015, Mr. Cheung Luk Sun subscribed for 23,819 new shares in Billion Bright, at the consideration of US\$23,819, representing the nominal value of the shares in Billion Bright;
- (c) on 1 September 2015, Wealth Secret subscribed for 2,350 new shares in Billion Bright, at the consideration of HK\$3,000,000, with reference to the price-to-earnings ratio of approximately 6.96 times based on the earnings per share of Billion Bright on the enlarged basis being the net profit after tax for

the year ended 31 March 2015 of HK\$9,171,082. Upon completion of the pre-IPO investment, Billion Bright is owned as to 47.66% by Mr. Cheung, as to 47.64% by Mr. Cheung Luk Sun and as to 4.70% by Wealth Secret;

- (d) on 19 October 2015, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. At the time of its incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which the Incorporation Share was allotted and issued to the initial subscriber, which was transferred to Digital Achiever on the same date;
- (e) on 25 August 2015, Simple Joyous was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US\$1 each, of which one share, credited as fully paid, representing the entire issued share capital in Simple Joyous, was allotted and issued to our Company on 26 October 2015; and
- (f) on 3 November 2016, Mr. Cheung, Mr. Cheung Luk Sun and Wealth Secret transferred the entire issued share capital in Billion Bright to Simple Joyous, in consideration of our Company allotting and issuing 2,382 new Shares, 2,382 new Shares and 235 new Shares, all credited as fully paid, to Digital Achiever at the direction of Mr. Cheung, to Golden Dust at the direction of Mr. Cheung Luk Sun and to Wealth Secret, respectively. Upon completion of the share transfers, Billion Bright became the indirect wholly-owned subsidiary of our Company.

5. Changes in share capital of subsidiaries in our Company

The subsidiaries of our Company are listed in the paragraph headed “Further information about the business of our Group — Further information about the subsidiaries of our Company” in this appendix.

The following alterations in the share capital or the registered capital of the subsidiaries of our Company have taken place within two years preceding the date of this prospectus:

- (a) on 1 September 2015, Billion Bright increased its issued share capital to 50,000 shares, which was fully paid or credited as fully paid; and
- (b) on 25 August 2015, Simple Joyous was incorporated in the BVI as a limited liability company. On 26 October 2015, the issued share capital in Simple Joyous was one share of a single class of par value of US\$1 each, which was fully paid or credited as fully paid.

Save as disclosed above and in the section headed “History, Reorganisation and corporate structure” of this prospectus, there has been no other alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Buy-Back by our Company of our own securities

This section includes information relating to the buy-back of our Shares, including information required by the Stock Exchange to be included in this prospectus concerning such buy-back.

(a) Relevant legal and regulatory requirements

The GEM Listing Rules permit our Shareholders to grant our Directors a general mandate to buy back our Shares that are listed on the Stock Exchange.

(b) Shareholders’ approval

All proposed buy-backs of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

The Buy-Back Mandate was granted to our Directors by our Shareholders pursuant to the written resolutions of our Shareholders dated 3 November 2016 authorising them to exercise all powers of our Company to buy back Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest.

(c) Source of funds

Buy-backs must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands. A listed company may not buy back its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the GEM Listing Rules. Under the Cayman Islands law, any buy-backs of Shares by our Company may be made out of profits or share premium of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the buy-backs. Any premium

payable on a redemption or purchase over the par value of the Shares to be bought back must be provided for out of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the provisions of the Companies Law, any buy-backs of Shares may also be paid out of the share capital of our Company.

(d) Trading restrictions

Our Company may buy back up to 10% of the number of the issued Shares of our Company immediately following the completion of the Share Offer and the Capitalisation Issue (excluding any Shares which may fall to be issued pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of our Shares for a period of 30 days immediately following a buy-back of our Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from buying back our Shares on the Stock Exchange if the buy-back 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. In addition, our Company is prohibited from buy back our Shares on the Stock Exchange if the purchase price is 5% or more than the average closing price for the five preceding trading days on which our Shares were traded on the Stock Exchange. The broker appointed by our Company to effect a buy-back of our Shares is required to disclose to the Stock Exchange any information with respect to a Share buy-back as the Stock Exchange may require.

(e) Status of bought back Shares

All Shares bought back (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 bought back 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 bought back accordingly although the authorised share capital of the company will not be reduced.

(f) Suspension of buy-back

Buy-backs of Shares are prohibited after a price-sensitive development has occurred or has been the subject of a decision until such time as the price-sensitive 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 buy back its securities on GEM

unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit buy-backs of Shares on the Stock Exchange if our Company has breached the GEM Listing Rules.

(g) Reporting requirements

Certain information relating to buy-back 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 buy-backs of Shares made during the financial year under review, including the number of Shares bought back 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 buy-backs, where relevant, and the aggregate prices paid. The directors' report is also required to contain reference to the buy-backs made during the year and the directors' reasons for making such buy-backs.

(h) Connected persons

According to the GEM Listing Rules, a company is prohibited from knowingly buying back securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the 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.

(i) Reasons for buy-backs

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to buy back Shares in the market. Such buy-backs 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 when our Directors believe that such buy-backs will benefit our Company and our Shareholders.

(j) Funding of buy-backs

In buying back Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Buy-Back Mandate were to be exercised in full, it might have a material adverse effect on the working capital

and/or the gearing position of our Group as compared with the position disclosed in this prospectus. Our Directors do not propose to exercise the Buy-Back 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.

(k) General

The exercise in full of the Buy-Back Mandate, on the basis of 500,000,000 Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme; and (ii) any Shares which may be allotted and issued or bought back by our Company under the issue mandate and the Buy-Back Mandate), would result in up to 50,000,000 Shares being bought back by our Company during the period in which the Buy-Back Mandate remains in force.

None of our Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

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

If, as a result of a buy-back of Shares, 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 could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not presently aware of any consequences which would arise under the Takeovers Code as a consequence of any buy-backs pursuant to the Buy-Back Mandate immediately after the listing of the Shares on the Stock Exchange.

No core connected person (as defined in the GEM Listing Rules) has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Buy-Back Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP**1. Summary of material contracts**

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

- (a) the sale and purchase and subscription agreement dated 1 September 2015 and entered into between Mr. Cheung and Billion Bright, pursuant to which Mr. Cheung agreed to (i) sell 1 share in Bright Union to Billion Bright, in consideration of Billion Bright allotting and issuing 10 new shares in Billion Bright to Mr. Cheung, all credited as fully paid, and (ii) subscribe for 23,819 new shares in Billion Bright, at the consideration of US\$23,819, representing the nominal value of the shares, and satisfied by cash;
- (b) the subscription agreement dated 1 September 2015 and entered into between Billion Bright as issuer, and Mr. Cheung Luk Sun as subscriber, pursuant to which Billion Bright agreed to allot and issue, and Mr. Cheung Luk Sun agreed to subscribe for 23,819 new shares in Billion Bright, at the consideration of US\$23,819, representing the nominal value of the shares, and satisfied by cash;
- (c) the subscription agreement dated 1 September 2015 and entered into between Billion Bright as issuer, and Wealth Secret as subscriber, pursuant to which Billion Bright agreed to allot and issue, and Wealth Secret agreed to subscribe for 2,350 new shares in Billion Bright, at the consideration of HK\$3,000,000, with reference to the price-to-earnings ratio of approximately 6.96 times based on the earnings per share of Billion Bright on the enlarged basis being the net profit after tax for the year ended 31 March 2015 of HK\$9,171,082, and satisfied by cash;
- (d) the share purchase agreement dated 3 November 2016 and entered into between our Company, Simple Joyous as purchaser, and Mr. Cheung, Mr. Cheung Luk Sun and Wealth Secret as vendors, pursuant to which Mr. Cheung, Mr. Cheung Luk Sun and Wealth Secret agreed to transfer the entire issued share capital in Billion Bright to Simple Joyous, in consideration of our Company allotting and issuing 2,382 new Shares, 2,382 new Shares and 235 new Shares to Digital Achiever at the direction of Mr. Cheung, to Golden Dust at the direction of Mr. Cheung Luk Sun and to Wealth Secret, respectively, all credited as fully paid;
- (e) the Deed of Indemnity dated 16 November 2016 executed by our Controlling Shareholders as indemnifiers in favour of our Company (for itself and as trustee for and on behalf of our subsidiaries from time to time) as further detailed in the paragraph headed “Other information — Tax and other indemnities” in this appendix;

- (f) the Deed of Non-Competition dated 16 November 2016 executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for and on behalf of our subsidiaries from time to time) as further described in the section headed “Relationship with Controlling Shareholders — Deed of Non-Competition” of this prospectus; and
- (g) the Public Offer Underwriting Agreement dated 16 November 2016 entered into among our Company, our executive Directors, our Controlling Shareholders, the Sponsor and the Public Offer Underwriters relating to the Public Offer, particulars of which are summarised in the section headed “Underwriting — Underwriting arrangement and expenses — The Public Offer Underwriting Agreement” of this prospectus.

2. Intellectual property rights

(a) Trademark

As at the Latest Practicable Date, our Group had registered the following trademark in Hong Kong:

Trademark	Trademark number	Registered owner	Class(es)	Registration date
	302996821	Bright Union	16, 41	15 May 2014
				

(b) Domain Name

As at the Latest Practicable Date, our Group had registered the following domain name:

Domain name	Registered owner	Registration date	Expiry date
goldwayedugp.com	Bright Union	30 November 2015	30 November 2017

3. Further information about the subsidiaries of our Company

(i) Simple Joyous

Place of incorporation : BVI

Date of incorporation : 25 August 2015

Registered office : P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands

Authorised share capital	:	50,000 shares of a single class of par value of US\$1 each
Issued share capital	:	one share of a single class of par value of US\$1 each
Shareholder	:	our Company (100%)
Director(s)	:	Mr. Cheung
General nature of business	:	Investment holding

(ii) Billion Bright

Place of incorporation	:	BVI
Date of incorporation	:	1 July 2009
Registered office	:	CCS Trustees Limited, 263 Main Street, Road Town, Tortola, British Virgin Islands
Authorised share capital	:	50,000 shares
Issued share capital	:	50,000 shares
Shareholder	:	Simple Joyous (100%)
Director(s)	:	Mr. Cheung and Mr. Cheung Luk Sun
General nature of business	:	Investment holding

(iii) Bright Union

Place of incorporation	:	Hong Kong
Date of incorporation	:	7 December 2007
Registered office	:	Shop 203, Kin Sang Commercial Centre, Kin Sang Estate, Tuen Mun, New Territories, Hong Kong

Issued share capital	:	HK\$10,000 divided into 10,000 shares
Shareholder	:	Billion Bright (100%)
Director(s)	:	Mr. Cheung and Mr. Cheung Chuen
General nature of business	:	Provision of tutoring services in Hong Kong

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT, STAFF AND EXPERTS

1. Interests and short positions of Directors and the chief executives of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme, and (ii) any Shares which may be allotted and issued or bought back by our Company under the issue mandate and the Buy-Back Mandate), the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, will be as follows:

(a) Long position in our Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of issued share capital
Mr. Cheung	Interest in controlled corporation <i>(Note 1)</i>	166,810,000	33.36%
Ms. Chan Hoi Ying Karina	Interest of spouse <i>(Note 2)</i>	166,810,000	33.36%

Notes:

1. The entire issued share capital of Digital Achiever is legally and beneficially owned by Mr. Cheung. Mr. Cheung is deemed to be interested in the Shares in which Digital Achiever is interested in under Part XV of the SFO.
2. Ms. Chan Hoi Ying Karina is the spouse of Mr. Cheung. Ms. Chan Hoi Ying Karina is deemed to be interested in the Shares in which Mr. Cheung is interested in under Part XV of the SFO.

(b) Long position in the shares of Digital Achiever, an associated corporation of our Company

Name of Director	Capacity/ Nature of interest	Number of share held in Digital Achiever	Percentage of issued share capital in Digital Achiever	Number of Shares held by Digital Achiever	Approximate percentage of issued share capital in the Company
Mr. Cheung (Note)	Beneficial owner	1	100%	166,810,000	33.36%

Note: The entire issued share capital of Digital Achiever is legally and beneficially owned by Mr. Cheung. Mr. Cheung is deemed to be interested in the Shares in which Digital Achiever is interested in under Part XV of the SFO.

2. Interests and/or short positions of Substantial Shareholders in the Shares, and underlying Shares of our Company and its associated corporations

So far as is known to our Directors, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme, and (ii) any Shares which may be allotted and issued or bought back by our Company under the issue mandate and the Buy-Back Mandate), the following persons (not being a Director or chief executive of our Company) will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV

of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Long position in our Shares

Name	Capacity	Number of Shares held	Approximate percentage of issued share capital
Digital Achiever	Beneficial owner <i>(Note 1)</i>	166,810,000	33.36%
Golden Dust	Beneficial owner <i>(Note 2)</i>	166,740,000	33.35%
Mr. Cheung Luk Sun	Interest in controlled corporation <i>(Note 2)</i>	166,740,000	33.35%
Ms. Wong Sau Yee Margaret	Interest of spouse <i>(Note 3)</i>	166,740,000	33.35%

Notes:

1. The entire issued share capital of Digital Achiever is legally and beneficially owned by Mr. Cheung. Mr. Cheung is deemed to be interested in the Shares in which Digital Achiever is interested in under Part XV of the SFO.
2. The entire issued share capital of Golden Dust is legally and beneficially owned by Mr. Cheung Luk Sun. Mr. Cheung Luk Sun is deemed to be interested in the Shares in which Golden Dust is interested in under Part XV of the SFO.
3. Ms. Wong Sau Yee Margaret is the spouse of Mr. Cheung Luk Sun. Ms. Wong Sau Yee Margaret is deemed to be interested in all the Shares in which Mr. Cheung Luk Sun is interested in under Part XV of the SFO.

3. Particulars of services contracts

Each of Mr. Cheung and Ms. Chan Hoi Ying Karina, all being our executive Directors, will enter into a service agreement with our Company for an initial 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. Each of our executive Directors is entitled to their respective basic salary set out below (subject to an annual increment, which will be made one year after the commencement date of the service agreement at the discretion of our Directors).

Each of our non-executive Directors and independent non-executive Directors will enter 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 our non-

executive Directors and independent non-executive Directors is appointed with an initial term of three years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Each of the above remunerations is determined by our Company with reference to duties and level of responsibilities of each Director and the remuneration policy of our Company and the prevailing market conditions.

The appointments of our executive Directors, our non-executive Directors and our independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

4. Directors' emoluments

- (i) For each of the years ended 31 March 2014, 2015 and 2016 and the five months ended 31 August 2016, the aggregate emoluments paid and benefits in kind granted by our Group to our Directors were approximately HK\$548,000, HK\$550,000, HK\$541,000 and HK\$225,000, respectively.
- (ii) Under the arrangements currently in force, the aggregate emoluments payable by our Group to and benefits in kind receivable by our Directors for the year ending 31 March 2017 is expected to be approximately HK\$800,000.
- (iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money during the Track Record Period (1) as an inducement to join or upon joining our Company or (2) 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.
- (iv) Save as disclosed in the sections headed "Directors and senior management" and "Financial information" of this prospectus, there has been no arrangement under which a Director has waived or agreed to waive any emoluments during the Track Record Period.

- (v) Under the arrangements currently proposed, conditional upon the Listing, the basic annual emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

Executive Directors	<i>HK\$</i>
Mr. Cheung	378,000
Ms. Chan Hoi Ying Karina	138,000
 Non-executive Directors	
Mr. Tsang Hin Man Terence	120,000
Ms. Wong Yi Ling	120,000
 Independent non-executive Directors	
Mr. Chan Hoi Keung Terence	120,000
Mr. Sek Ngo Chi	96,000
Mr. Ho Kin	96,000

- (vi) Each of our executive Directors, non-executive Directors and independent non-executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or in discharge of his/her duties to our Group under his/her service contract.

5. Agency fees or commissions received

Save as disclosed in the section headed “Underwriting — Undertakings pursuant to the Public Offer Underwriting Agreement — Total commission, fee and expenses” of this prospectus, within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

6. Related party transactions

Save as disclosed in note 25 to the Accountants’ Report set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, our Group has not engaged in any other material related party transactions.

7. Disclaimers

Save as disclosed in this prospectus:

- (i) without taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme, and (ii) any Shares which may be allotted and issued or bought back by our Company under the issue mandate and the Buy-Back Mandate, our Directors are not aware of any person who immediately following the completion of the Share Offer will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group;
- (ii) none of our Directors has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, any interests and short positions in the Shares, underlying Shares, and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules once the Shares are listed on the Stock Exchange;
- (iii) none of our Directors or the experts named in the paragraph headed “Other information — Qualifications of experts” in this appendix has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;
- (iv) none of our Directors 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 taken as a whole; and
- (v) none of the experts named in the paragraph headed “Other information — Qualifications of experts” in this appendix has any shareholding in any company in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in our Group.

D. SHARE OPTION SCHEME**1. Summary of the terms of the Share Option Scheme***(i) Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to our Company and our subsidiaries and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which our Group holds any equity interest (“**Invested Entity**”).

(ii) Who may join

Subject to the provisions in the Share Option Scheme, the Board shall be entitled at any time and from time to time within the period of ten (10) years after the date of adoption of the Share Option Scheme to make an offer to any of the following classes of persons (“**Eligible Participant(s)**”):

- (1) any employee (whether full-time or part-time) of our Company, any of its subsidiaries and any Invested Entity;
- (2) any director (including executive, non-executive and independent non-executive Directors) of our Company, any of our subsidiaries or any Invested Entity;
- (3) any supplier of goods or services to any member of our Group or any Invested Entity;
- (4) any customer of our Group or any Invested Entity;
- (5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to our Group or any Invested Entity; or
- (6) any person who, in the sole discretion of our Board, has contributed or may contribute to our Group or any Invested Entity eligible for options under the Share Option Scheme.

(iii) Maximum number of Shares

- (1) Notwithstanding anything to the contrary herein, the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

- (2) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not exceed 50,000,000 Shares, being 10% of the total number of Shares in issue as at the Listing Date unless our Company obtains the approval of our Shareholders in general meeting for renewing the 10% limit (“**Scheme Mandate Limit**”) under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company will not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.
- (3) Our Company may seek approval of our Shareholders in general meeting to renew the Scheme Mandate Limit such that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company as “renewed” shall not exceed 10% (“**Renewal Limit**”) of the total number of Shares in issue as at the date of the approval of our Shareholders on the renewal of the Scheme Mandate Limit, provided that options previously granted under the Share Option Scheme or any other share option schemes of our Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company or exercised) will not be counted for the purpose of calculating the Renewal Limit.

For the purpose of seeking the approval of our Shareholders for the Renewal Limit, a circular containing the information and the disclaimer as required under the GEM Listing Rules must be sent to our Shareholders.

- (4) Our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the proposed grantee(s) of such option(s) must be specifically identified by our Company before such approval is sought. For the purpose of seeking the approval of our Shareholders, our Company must send a circular to our Shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and the information as required under the GEM Listing Rules.

(iv) Maximum entitlement of each Eligible Participant

No option shall be granted to any Eligible Participant if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant exceeding 1% of the total number of Shares in issue, unless:

- (1) such further grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 23 of the GEM Listing Rules, by resolution of our Shareholders in general meeting at which the Eligible Participant and his/her/its associates shall abstain from voting;
- (2) a circular regarding the further grant has been despatched to our Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules (including 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
- (3) the number and terms (including the subscription price) of such option are fixed before the general meeting of our Company at which the same are approved.

(v) Grant of options to connected persons

- (1) The grant of options to a Director, chief executive or Substantial Shareholder of our Company or any of his/her/its respective associates (including discretionary trust in which any connected persons are beneficiary) requires the approval of all our independent non-executive Directors (excluding any independent non-executive Director who is a prospective grantee of the option) and shall comply with the relevant provisions of Chapter 23 of the GEM Listing Rules.
- (2) Where an option is to be granted to a Substantial Shareholder or an independent non-executive Director (or any of his/her/its respective associates), and such grant will result in the 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:
 - (a) exceeding 0.1% of the total number of Shares in issue at the relevant time of grant; and
 - (b) exceeding an aggregate value (based on the closing price of the Shares on the Stock Exchange on the date of each grant) of HK\$5.0

million, such grant shall not be valid unless:

- I. a circular containing the details of the grant has been despatched to our Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules, including, in particular, (i) details of the number and terms (including subscription price) of the options to be granted to each connected person of our Company, which must be fixed before the Shareholders' meeting and the date of the Board meeting for proposing such further grant is to be taken as the date of grant for the purposes of calculating the subscription price, and (ii) a recommendation from our independent non-executive Directors (excluding the independent non-executive Director who is the prospective grantee of the option) to our independent Shareholders as to voting; and
- II. the grant has been approved by our Shareholders in general meeting (taken on a poll) at which all connected persons of our Company shall abstain from voting in favour of the grant.

(vi) Time of acceptance and exercise of an option

An offer of grant of an option may be accepted by an Eligible Participant within the date as specified in the offer letter issued by our Company, being a date not later than 21 Business Days from the date upon which it is made, by which the Eligible Participant must accept the offer or be deemed to have declined it, provided that such date shall not be more than ten (10) years after the date of adoption of the Share Option Scheme.

A consideration of HK\$1 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable. An option may be exercised in whole or in part by the grantee (or his personal representative(s)) at any time before the expiry of the period to be determined and notified by our Board to the grantee which in any event shall not be longer than ten (10) years commencing on the date of the offer letter and expiring on the last day of such ten (10)-year period subject to the provisions for early termination as contained in the Share Option Scheme.

(vii) Performance targets

There is no performance target that has to be achieved before the exercise of any option.

(viii) Subscription price for Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price determined by our Board in its absolute discretion and notified to an Eligible Participant, and shall be at least the higher of: (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date (as defined below), (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive Business Days immediately preceding the Offer Date, and (3) the nominal value of a Share on the Offer Date.

Where an option is to be granted to an Eligible Participant, the date of the Board meeting at which the grant was proposed shall be taken to be the date of the offer of such option, which must be a Business Day ("**Offer Date**"). For the purpose of calculating the subscription price, where an option is to be granted fewer than five Business Days after the listing of the Shares on the Stock Exchange, the Offer Price shall be used as the closing price for any Business Day falling within the period before the Listing.

(ix) Ranking of Shares

The Shares to be issued and allotted upon the exercise of an option shall be subject to the Memorandum and the Articles of Association of our Company for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue of our Company as at the date of allotment and issue ("**Exercise Date**"), and will entitle the holders 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.

(x) Restrictions on the time of grant of options

No option shall be granted after a price-sensitive development concerning our Company or any subsidiary has occurred or a price-sensitive matter concerning our Company or any subsidiary has been the subject of a decision of our Group until such price-sensitive information has been announced pursuant to the requirements of the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

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

and ending on the date of the results announcement, no option shall be granted.

(xi) Period of the Share Option Scheme

Subject to any prior termination by our Company in a general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date of adoption of the Share Option Scheme (“**Option Period**”), after which period no further option shall be granted but in respect of all options which remain exercisable at the end of such period, the provisions of the Share Option Scheme shall remain in full force and effect.

(xii) Rights on cessation of employment

Where the grantee of an outstanding option ceases to be an employee of our Group for any reason other than his/her death or the termination of his/her employment on one or more of the grounds specified in (xxi)(e), the option shall lapse on the date of cessation (to the extent not already exercised) and not be exercisable unless our Board otherwise determines to grant an extension (to the extent which has become exercisable and not already exercised) and subject to any other terms and conditions decided at the discretion of our Board. For the avoidance of doubt, such period of extension (if any) shall be granted within and in any event ended before the expiration of the period of one month following the date of his/her cessation to be an employee of our Group.

(xiii) Rights on death

Where the grantee of an outstanding option dies before exercising the option in full or at all, and none of the events specified in (xxi)(e) which would be a ground for termination of his/her employment or engagement arises, the option may be exercised in full or in part (to the extent not already exercised) by his/her personal representative(s) within 12 months following the date of his death or such longer period as our Board may at its absolute discretion determine from the date of death to exercise the option up to the entitlement of such grantee as at the date of death (to the extent which has become exercisable and not already exercised).

(xiv) Rights on a general offer

In the event of a general or partial offer (whether by way of take-over offer, share buy-back offer or scheme of arrangement or otherwise in like manner) being 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, and if such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee’s notice to our Company in exercise of his option within one month after the date on which the offer becomes or is declared unconditional.

(xv) Rights on winding-up

In the event that a notice is given by our Company to our Shareholders 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 or soon after it despatches such notice to each Shareholder, give notice thereof to all grantees (together with a notice of existence of this provision) and thereupon, each grantee (or his/her personal representative(s)) shall, subject to the provisions of all applicable laws, be entitled to exercise all or any of his options (to the extent which has become exercisable and 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 exercise price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid, which shall rank pari passu with all other Shares in issue on the date prior to the passing of the resolution to wind-up our Company to participate in the distribution of assets of our Company available in liquidation.

(xvi) Rights on scheme of arrangement

In the event of a general or partial offer by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the grantee (or his personal representative(s)) may thereafter (but only until such time as shall be notified by our Company, after which it shall lapse) exercise the option (to the extent which has become exercisable and 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.

(xvii) Rights on compromise or arrangement between our Company and our creditors

In the event of a compromise or arrangement between our Company and our creditors (or any class of them) or between our Company and our Shareholders (or any class of them) 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 day as it gives notice of the meeting to our Shareholders or creditors to consider such a compromise or arrangement, and thereupon any grantee (or his/her personal representative(s)) may by notice in writing to our Company accompanied by the remittance of the subscription price in respect of the relevant option (such notice to be received by our Company not later than two Business Days before the proposed meeting) exercise any of his/her options (to the extent which has become exercisable and not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent

jurisdiction and becoming effective. Our Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting referred to above, allot and issue such number of Shares to the grantee which may fall to be issued on such exercise credited as fully paid and register the grantee as holder of such Shares. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may require the grantee (or his personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(xviii) Reorganisation of capital structure

In the event of any alteration in the capital structure of our Company whilst any option has been granted and remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction), our Company shall (if applicable) make corresponding alterations (if any), in accordance with the GEM Listing Rules and any applicable guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time (including but not limited to the supplementary guidance issued on 5 September 2005), to:

- (1) the number and/or nominal amount of Shares subject to the options already granted so far as they remain exercisable; and/or
- (2) the subscription price; and/or
- (3) the maximum number of Shares referred to in sub-paragraphs (iii) and (iv) above provided that:
 - (aa) no such alteration shall be made in respect of an issue of Shares or other securities by our Company as consideration in a transaction;
 - (bb) any such alterations must be made so that each grantee is given the same proportion of the equity capital of our Company as that to which he/she was previously entitled;
 - (cc) no such alterations shall be made which would result in the subscription price for a Share being less than its nominal value; and
 - (dd) any such alterations, save those made on a capitalisation issue, shall be confirmed by an independent financial adviser or the auditors in writing to the Directors, to be in their opinion fair and reasonable, as satisfying the requirements of provisions referred to in sub-paragraphs (bb) and (cc) above.

(xix) Cancellation of options

Our Board may, with the consent of the relevant grantee, at any time at its absolute discretion 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 Scheme Mandate Limit approved by our Shareholders.

(xx) Termination of the Share Option Scheme

Our Company, by resolution in general meeting, or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. Options granted prior to such termination and not then exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme and the GEM Listing Rules.

(xxi) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option or enter into any agreement to do so. Any breach of the foregoing by the grantee shall entitle our Company to cancel any option or part thereof granted to such grantee (to the extent not already exercised) without incurring any liability on the part of our Company.

(xxii) Lapse of option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period (subject to the provision referred to in sub-paragraph (xx));
- (b) the expiry of the periods referred to in sub-paragraphs (xii), (xiii) or (xvii), where applicable;
- (c) 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 sub-paragraph (xiv);
- (d) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph (xvi);

- (e) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his/her employment or engagement on the grounds that he/she has been guilty of misconduct, or has been in breach of a material term of the relevant employment contract or engagement contract, or appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has committed any act of bankruptcy, or has become insolvent, or has been served a petition for bankruptcy or winding-up, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence or (if so determined by our Board, the board of the relevant subsidiary or the board of the relevant associated company of the company, as the case may be) on any other ground on which an employer or a sourcing party would be entitled to terminate his employment or engagement at common law or pursuant to any applicable laws or under the grantee's service contract or supply contract with our Company, the relevant subsidiary or the relevant associated company of our Company (as the case may be);
- (f) the date of the commencement of the winding-up of our Company referred to in sub-paragraph (xv);
- (g) the date on which the grantee commits a breach of sub-paragraph (xxi); or
- (h) the date on which the option is cancelled by our Board as set out in sub-paragraph (xix).

(xxiii) Alterations to the Share Option Scheme

- (1) The Share Option Scheme may be amended or altered in any respect to the extent allowed by the GEM Listing Rules by resolution of our Board except that the following alterations must be approved by a resolution of our Shareholders in general meeting:
 - (aa) any changes to the definitions of Eligible Participant, grantee and option period;
 - (bb) any changes to the terms and conditions of the Share Option Scheme to the advantage of the grantees of the options;
 - (cc) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature;
 - (dd) any changes to the terms of options granted; and
 - (ee) any changes to the authority of our Board in relation to any alteration to the terms of the Share Option Scheme except where such alterations take effect automatically under the existing terms

of the Share Option Scheme, provided that: (aa) the amended terms of the Share Option Scheme or the options must comply with Chapter 23 of the GEM Listing Rules; and (bb) no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of grantees as shall together hold options in respect of not less than three-fourths in nominal value of all Shares then subject to the option granted under the Share Option Scheme.

- (2) Notwithstanding the other provisions of the Share Option Scheme, the Share Option Scheme may be amended or altered in any respect by resolution of our Board without the approval of our Shareholders or the grantee(s) to the extent such amendment or alteration is required by the GEM Listing Rules or any guidelines issued by the Stock Exchange from time to time.
- (3) Our Company must provide to all grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

(xxiv) Conditions

The Share Option Scheme is conditional on:

- (aa) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Capitalisation Issue, the Share Offer and any Shares which may fall to be issued pursuant to the exercise of any options under the Share Option Scheme;
- (bb) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the respective terms of the Underwriting Agreements or otherwise; and
- (cc) the commencement of dealings in the Shares on the Stock Exchange.

2. Present status of the Share Option Scheme

(i) Approval and adoption of the rules of the Share Option Scheme

The rules of the Share Option Scheme were approved and adopted by the written resolutions of our Shareholders dated 3 November 2016.

(ii) Approval of the Stock Exchange required

The Share Option Scheme is conditional, among other matters, on the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of the options under the Share Option Scheme up to the 10% of the Shares in issue as at the Listing Date.

(iii) Application for listing

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme. The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not exceed 50,000,000 Shares, being 10% of the total number of Shares in issue as at the Listing Date unless our Company obtains the approval of our Shareholders in general meeting for renewing the said 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company will not be counted for the purpose of calculating the 10% limit mentioned above.

(iv) Grant of option

As at the Latest Practicable Date, no options have been granted or agreed to be granted under the Share Option Scheme.

(v) Value of options

The 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 options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

E. OTHER INFORMATION**1. Tax and other indemnities**

Our Controlling Shareholders entered into the Deed of Indemnity with and in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries from time to time) (being the material contract (e) referred to in the paragraph headed “Further information about the business of our Group — Summary of material contracts” in this appendix) to provide indemnities in respect of, among other matters, any liability which might be incurred by any member of our Group as a direct or indirect result of or in consequence of any claim relating to the amount of any and all taxation falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring or deemed to occur up to the date on which the Share Offer becomes unconditional.

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

2. Litigation

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

3. Sponsor

The Sponsor 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 to be issued as mentioned in this prospectus, and any shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and the exercise of any options which may be granted under the Share Option Scheme on the Stock Exchange.

The Sponsor satisfies the independence criteria applicable to sponsors under Rule 6A.07 of the GEM Listing Rules. The Sponsor is entitled to the sponsor’s fee in the amount of HK\$5.28 million (excluding disbursements).

4. Preliminary expenses

The preliminary expenses of our Company in relation to the Share Offer are approximately HK\$43,000 and are payable by our Company.

5. Promoter

(a) Our Company has no promoter for the purpose of the GEM Listing Rules.

- (b) Save as disclosed herein, within the two years immediately preceding the date of this prospectus, no amount or benefit has been paid or given to the promoter in connection with the Share Offer or the related transactions described in this prospectus.

6. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Name:	Qualifications
Kingsway Capital Limited	licensed corporation holding a licence to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Moore Stephens CPA Limited	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Ms. Rebecca M.K. Lee	Barrister-at-law in Hong Kong
Michael Li & Co.	Legal advisers as to Hong Kong law
ZHONGHUI ANDA Risk Services Limited	Internal control adviser
Everbright Surveyors Limited	Property valuer
Ipsos Limited	Market research expert

7. Consents of experts

Each of the experts named in the paragraph headed “Other information — Qualifications of experts” in this appendix has given and has not withdrawn its/her respective written consent to the issue of this prospectus with copies of its reports and/or letters and/or opinions and/or the references to its/her name included herein in the form and context in which they are respectively included.

None of the experts named in the paragraph headed “Other information — Qualifications of experts” in this appendix has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the CWUMPO so far as applicable.

9. Share registrar

Our Company's principal register of members will be maintained in the Cayman Islands by our Cayman Islands share registrar, Codan Trust Company (Cayman) Limited, and a register of members will be maintained in Hong Kong by our Hong Kong branch share registrar, Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfers and other documents of title of the shares must be lodged for registration with and registered by our share registrar in Hong Kong and may not be lodged in the Cayman Islands.

10. Bilingual prospectus

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.

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 of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash; and
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
- (b) no share, warrant 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;
- (c) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (d) all necessary arrangements have been made enabling the shares to be admitted into CCASS;

- (e) our Company has no outstanding convertible debt securities;
- (f) neither our Company nor any of our subsidiaries has issued or agreed to issue any founder shares or management shares or deferred shares or any debentures;
- (g) our Directors confirm that none of them shall be required to hold any shares by way of qualification and none of them has any interest in the promotion of our Company;
- (h) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 August 2016 (being the date to which the latest audited consolidated financial statements of our Group were made up); and
- (i) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE** and **YELLOW** Application Forms;
- (b) a copy of each of the material contracts referred to in the paragraph headed “Further information about the business of our Group — Summary of material contracts” in Appendix IV to this prospectus; and
- (c) the written consents referred to in the paragraph headed “Other information — Consents of experts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office 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 of Association and the Articles of Association;
- (b) the accountants’ report prepared by Moore Stephens CPA Limited, the text of which is set out in Appendix I to this prospectus;
- (c) the audited financial statements of Bright Union for each of the years ended 31 March 2015 and 2016;
- (d) the accountants’ assurance report on the compilation of unaudited pro forma financial information of our Group prepared by Moore Stephens CPA Limited, the text of which is set out in Appendix II to this prospectus;
- (e) the letter of advice 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 rules of the Share Option Scheme;
- (h) the material contracts referred to in the paragraph headed “Further information about the business of our Group — Summary of material contracts” in Appendix IV to this prospectus;
- (i) the written consents referred to in the paragraph headed “Other information — Consents of experts” in Appendix IV to this prospectus;

- (j) the service contracts and letters of appointment referred to in the paragraph headed “Further information about Directors, management, staff and experts — Particulars of service contracts” in Appendix IV to this prospectus;
- (k) the industry report prepared by Ipsos Limited referred to in the section headed “Industry overview” of this prospectus; and
- (l) the legal opinion issued by Ms. Rebecca M.K. Lee, barrister-at-law in Hong Kong.

