

# Replacement Prospectus

**Phoenician International Limited ARBN 659 284 152**

**(A company incorporated in the Cayman Islands)**

Prospectus in relation to an offer of 5,000,000 Shares at an issue price of AU\$1.00 per Share to raise AU\$5,000,000 (**Offer**).

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## **Important notice**

This Prospectus provides important information to assist investors in deciding whether or not to invest in the Company and should be read in its entirety. If you are in any doubt as to how to proceed on the basis of information provided in this document please consult your accountant, solicitor or other relevant professional advisor prior to making any investment.

## Offer

The Offer contained in this replacement prospectus (**Prospectus or Replacement Prospectus**) is an offer for 5,000,000 fully paid ordinary shares (**Shares**) in Phoenician International Limited (**Company**). This Prospectus is issued by the Company for the purpose of chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**).

## Lodgement and Listing

This Prospectus is dated 12 August 2022 and a copy of this Prospectus was lodged with Australian Securities and Investments Commission (**ASIC**) on that date. This Prospectus replaces the Company's original prospectus dated 29 July 2022 (**Original Prospectus**).

The Company has applied to the National Stock Exchange of Australia (**NSX**) for admission of the Company to the Official List of the NSX. The fact that the NSX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Shares, the Offer or the Company.

Neither ASIC nor NSX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

## Replacement Prospectus

This document is a replacement prospectus which replaces the Original Prospectus. The material differences between the Original Prospectus and this Prospectus are as follows:

- Section 2.9 includes additional information about the Company's business strategy and proposed expansion.
- Section 2.10 includes additional information about the Company's use of funds raised.
- Section 3.2 includes additional information about the Company's operations in Australia.

- Section 3.4 includes additional information about the Company's business model and generation of revenue.
- Section 6.2 includes additional information about the Company's corporate and administrative expenses incurred in the year ended 31 December 2021.
- Section 6.3 includes additional information about the trade and other payables incurred by the Company.
- Section 6.5 includes additional information about the Company's investment in Pyx Resources Limited (NSX:PYX; LSE:PYX).
- Section 6.5 includes additional information about the loan arrangement with Unico Holdings Limited.
- Section 6.5 includes additional information about the Company's net investment gains and financial assets.
- Section 10.5 includes additional information about the Placement Agreement.

The amendments made by this Replacement Prospectus are not considered materially adverse to investors.

## Expiry Date

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus (**Expiry Date**). No Shares will be issued or sold under this Prospectus after the Expiry Date.

## Speculative investment and risk

It is important that Applicants read this Prospectus in its entirety before deciding to invest so that they may make an informed assessment of the assets and liabilities, financial position and prospects of the Company and the rights attaching to the Shares offered by this Prospectus. An investment in the Company must be considered speculative. Please refer to Section 5 of this Prospectus for details relating to risks involved with an investment in the Company.

## **Foreign Jurisdictions**

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and any person who comes into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

## **No Offer where would be illegal**

This Offer does not constitute a public offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia and New Zealand.

The distribution of this Prospectus outside Australia and New Zealand may be restricted by law and therefore any person who resides outside Australia and New Zealand and who receives this Prospectus should seek advice on and observe any such restrictions. Any person who has a registered address in any other country who receives this Prospectus may only apply for Shares where that person is able to reasonably demonstrate to the satisfaction of the Company that they may participate in the Offer relying on a relevant exception from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have a registered address.

The Company will not offer to sell, nor solicit an offer to purchase, any securities in any jurisdiction where such offer, sale or solicitation may not lawfully be made. Any failure to comply with these restrictions may constitute violation of applicable securities laws.

## **Notice to US residents**

The securities being offered pursuant to this Prospectus have not been registered under the United States Securities Act of 1933, as amended (**US Securities Act**) and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable United States securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act.

## **Notice to Hong Kong residents**

This Prospectus and any other documents or materials relating to the Prospectus (a) do not constitute a “prospectus” (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) (Companies (Winding Up and Miscellaneous Provisions) Ordinance), (b) are not an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (**SFO**) and (c) have not been reviewed, approved or authorised by the Securities and Futures Commission of Hong Kong or any other regulatory authority in Hong Kong.

Each potential investor acquiring the Shares will be required to confirm, or by his or her acquisition of the Shares will be deemed to have confirmed, that he or she is aware of the restrictions on the offers of the Shares described in this Prospectus.

Accordingly (a) this Prospectus and any other documents or materials relating to the Prospectus must not be issued, circulated or distributed in Hong Kong other than (i) to “professional investors” as defined in the SFO and any rules made thereunder; or (ii) in other circumstances which do not result in the documents being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance or which do not constitute an offer to the public within the meaning of that Ordinance; and (b) no person may issue, or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under SFO.

#### **Electronic version of this Prospectus**

A copy of this Prospectus can be downloaded from the website of Phoenician at <https://www.phoeniciangroup.com>. In order to benefit from any investor protections provided by applicable Australian securities laws and regulations, any person accessing the electronic version of this Prospectus for the purposes of becoming a Shareholder must be an Australian or New Zealand resident and must only access the Prospectus from within Australia or New Zealand. The Corporations Act prohibits any person passing on to another person the Application Form unless it is attached to a hard copy of this Prospectus or accompanied by the complete and unaltered version of this Prospectus. Prospective Applicants should read this Prospectus in its entirety before completing the Application Form. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if the Company has reason to believe that when that person was given access to the Application Form, it was not provided together with the Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **No forecasts**

The Directors have considered the requirements of ASIC Regulatory Guide 170 Prospective financial information to determine if prospective financial information should be included in this Prospectus. The Directors have determined that, as at the date of this Prospectus, the Company does not have reasonable basis to reliably forecast future earnings and accordingly forecast financial information is not included in this Prospectus.

#### **Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as “may”, “could”, “believes”, “estimates”, “targets”, “expects”, “intends” and other words expressing a similar likelihood or a possibility (whether objectively or subjectively framed) occurring.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and management.

Any forward-looking statements contained within this Prospectus are subject to various risk factors that could cause actual results to differ materially from those expressed or anticipating in these statements. The Company has endeavoured to set out the key risk factors of making an investment in the Company under this Prospectus and they are set out in Section 5.

#### **Disclaimer**

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on any of the issued securities of the Company.

No person is authorised to provide any information or to make any representation in connection with the Offers described in this Prospectus which is not contained in this Prospectus.

Any information or representation not so contained may not be relied on as having been authorised by the Company or any other person in connection with the Offer.

### **Privacy**

The Application Form accompanying this Prospectus requires you to provide information that may be personal information for the purposes of the *Privacy Act 1988* (Cth). The Company (and the Share Registry on its behalf) may collect, hold and use that personal information in order to assess your Application, service your needs as an investor in the Company, provide facilities and services that you request or that are connected with your investment in the Company and carry out appropriate administration.

You may request access to your personal information held by the Company or the Share Registry by contacting the Company Secretary.

### **Definitions**

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in Section 14 of this Prospectus.

### **Photographs, Data and Diagrams**

Photographs and diagrams used in this Prospectus which do not have any descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company unless specifically stated as such.

Diagrams used in the Prospectus are illustrative only and may not be drawn to scale and may not accurately reflect the final appearance of the subject matter which it depicts.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at the date of this Prospectus.

### **No cooling-off rights**

Cooling-off rights do not apply to an investment in Shares issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

### **Financial information and amounts**

All financial amounts contained in this Prospectus are expressed in Australian Dollars (**AUD** or **AU\$**), unless otherwise stated. Any discrepancies between totals and sums of components in figures and tables contained in this Prospectus are due to rounding. The historical financial information included in this Prospectus has been prepared and presented in accordance with Australian Equivalents to International Financial Reporting Standards (**IFRS**) and is expressed in Australian Dollars, except where otherwise stated.

### **Currency Conversions**

Where an amount is expressed in this Prospectus (with the exception of the historical and pro-forma financial information) in Australian Dollars and either US Dollars or Hong Kong Dollars, the conversion is based on the indicative exchange rate for the respective currency as at 27 July 2022 (being AU\$1.00 = US\$0.6940 and AU\$1.00 = HK\$5.4469). The historical and pro-forma financial information contained in Section 6 of the Prospectus is translated from the respective functional currencies to presentation currency (being Australian Dollars) in accordance with the requirements of AASB 121 “The Effects of Changes in Foreign Exchange Rates”. The amount when expressed in Australian Dollars or US Dollars or Hong Kong Dollars may change as a result of fluctuations in the exchange rate between those currencies.

## **Website**

No document or information included on the Company's website is incorporated by reference into this Prospectus.

## **Exposure Period**

The Original Prospectus was subject to an exposure period of 7 days from the date of its lodgement with ASIC on 29 July 2022 (**Exposure Period**). The Exposure Period was subsequently extended by ASIC for a further 7 days pursuant to section 727(3) of the Corporations Act.

Any Applications received during the Exposure Period (as extended by ASIC) will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on Applications lodged prior to the expiry of the Exposure Period.

## **Regulation of the Company**

As the Company was not incorporated in Australia, its general corporate activities (other than offering securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are governed by the Cayman Islands Companies Act (as revised) and other applicable Cayman Islands law.

## **Investment advice**

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

## **Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional advisor without delay.

Should you have any questions about the Offers or how to accept the Offers, please call the Company, on +852 3519 2870.

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## Corporate Directory

<b>Directors</b>	Mr Kwan Chan – Executive Director and Chair of the Board Mr Yiu Man Lo – Non-Executive Director Mr James Stephen Barrie – Non-Executive Director
<b>Company Secretary and Local Agent</b>	Mr James Stephen Barrie 210 Hotham Street Elsternwick, Victoria, 3185 Australia
<b>Registered Office – Cayman Islands</b>	2nd Floor, Harbour Place 103 South Church Street George Town, Grand Cayman KY1-1106, Cayman Islands
<b>Registered Office – Australia</b>	RSM Australia Pty Ltd Level 21, 55 Collins Street Melbourne VIC 3000 Australia
<b>Principal Place of Business</b>	6th Floor, 8 Queen’s Road Central Central, Hong Kong
<b>Legal Advisers</b>	<p><b>Australian Legal Adviser and Nominated Adviser</b> HopgoodGanim Lawyers Level 27, Allendale Square 77 St Georges Terrace Perth WA 6000 Australia</p> <p><b>Cayman Legal Adviser</b> Travers Thorp Alberga 2nd Floor, Harbour Place 103 South Church Street George Town, Grand Cayman KY1-1106, Cayman Islands</p> <p><b>Hong Kong Legal Adviser</b> Tanner de Witt 17th Floor Tower One Lippo Centre, 89 Queensway Admiralty, Hong Kong</p>
<b>Investigating Accountant</b>	RSM Corporate Australia Pty Ltd Level 21, 55 Collins Street Melbourne VIC 3000 Australia
<b>Auditor</b>	RSM Hong Kong 29th Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong



<b>Australian Share Registry</b>	Advanced Share Registry Services 110 Stirling Highway Nedlands WA 6009 Australia PO Box 1156, Nedlands WA 6909, Australia
<b>Proposed NSX Code</b>	PHI

## Key Offer Information

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### Key Offer dates

Lodgement of Original Prospectus with ASIC	29 July 2022
Start of Exposure Period	29 July 2022
Lodgement of Replacement Prospectus with ASIC	12 August 2022
End of Exposure Period	12 August 2022
Opening Date of the Offer	13 August 2022
Closing Date of the Offer	24 August 2022
Issue of Shares under the Offer	30 August 2022
Expected despatch of holding statements and allotment confirmation advices	2 September 2022
Quotation of Shares on NSX	Estimated to be between 2 and 9 September 2022

### Notes:

1. The dates shown in the table above are indicative only and subject to change. The Company, subject to the Corporations Act, the Listing Rules and other applicable laws, reserves the right to change any of these dates, either generally or in particular cases, without notice. This may include varying the Opening Date or the Closing Date, accepting late Applications, either generally or in particular cases, or cancelling or withdrawing the Offer before settlement, in each case without notifying any recipient of this Prospectus or any Applicants. Any variation may have a consequential effect on other dates. You are encouraged to submit your Application Form as soon as possible after the Offer open. The Company also reserves the right not to continue with the Offer at any time before the issue of Shares to successful Applicants.
2. Prospective investors should be aware that the Company's securities will not be admitted to the Official List until the Company has satisfied the requirements of Listing Rules.
3. The Company intends to make all efforts to ensure that the Company satisfies the Listing Rules as soon as is practicable following closing of the Offer.
4. Applications received during the Exposure Period will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on Applications lodged prior to the expiry of the Exposure Period.

### Key Offer Details

Number of Shares on issue as at the date of this Prospectus	100,000,000
Number of Shares available under the Offer	5,000,000
Offer price per Share	AU\$1.00
Amount to be raised under the Offer (before costs)	AU\$5,000,000
Total number of Shares after completion of the Offer	105,000,000
Indicative market capitalisation after completion of the Offer	AU\$105,000,000

### How to Invest

Applications for the Offer can only be made by completing and lodging an Application Form.

### Questions

To obtain further information speak to your accountant, stockbroker, financial adviser or professional adviser. If you require assistance or additional copies of this Prospectus, please contact the Company on +852 3519 2870 from 9:00am to 5:00pm (Hong Kong time) Monday to Friday.

## Letter from the Board

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Dear Investors,

It is the Board's pleasure to invite you to become a Shareholder in Phoenician International Limited (**Phoenician** or the **Company**) as it embarks on its proposed Listing on the NSX.

Phoenician, which is a global investment firm with offices in Hong Kong and Shanghai, was founded in 2012. Since foundation, Phoenician has been diligently building and investing in its business and has sought to leverage on the rapid growth of China and other ASEAN economies by offering unique investment opportunities to private and institutional clients, which have rewarded Phoenician with a substantial increase in its asset base. In addition, Phoenician has been very effective in deploying its investment capital and generating substantial investment gains over the past few years.

Since 2016, Phoenician has also assisted its ASEAN and China based corporate clients to raise capital across global private and public equity markets, establishing itself as a trusted advisor to industry leaders in the region, with special focus on the mining sector.

Phoenician is led by a highly experienced and well-regarded management team. From the outset, the Company recognised that people would power its success and has therefore invested in building the right team and culture. The management team has built a profitable, fast-growing business, and remains focused on continuing to expand Phoenician's client network and asset base.

The purpose of the Offer is to raise up to AU\$5,000,000 (before costs) by the issue of 5,000,000 fully paid ordinary shares (**Shares**) in the capital of the Company at an issue price of AU\$1.00 per Share (the **Offer**). The Shares will be available to trade on the NSX under the ticker NSX: PHI.

Offer will further strengthen the Company's balance sheet and support its continuous efforts to grow its client base as well as its assets under custody and assets undermanagement to enable it to participate even more actively in the development and financial integration of China and ASEAN economies with the rest of the world.

This Prospectus contains detailed information about the Offer, the industry in which the Company operates and its business model. It is important that you read the Prospectus carefully and in its entirety before making your investment decision. As with all companies, Phoenician is subject to a range of company specific and general risks. These include the evolving landscape for financial services in Hong Kong, Australia and the Cayman Islands, further impacts of COVID-19, risks associated with information technology and cybersecurity, unfavourable macroeconomic conditions and access to and costs of its funding. The material risks associated with investing in Phoenician are detailed in Section 5.

The Board is excited about the long-term outlook for Phoenician and looks forward to welcoming you as a Shareholder.

Yours faithfully

### The Board of Directors



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Chair and Executive Director



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Non-Executive Director



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Non-Executive Director

## 1. Investment Overview

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. Prospective investors should read and consider this Prospectus in its entirety, including the experts' report in this Prospectus before deciding to invest in the Shares.

### 1.1 About the Company

Question	Response	Section
<b>Who is the issuer of this Prospectus?</b>	Phoenician International Limited (ARBN 659 284 152), an exempted company incorporated in, and registered under the laws of, the Cayman Islands ( <b>Phoenician</b> or the <b>Company</b> ).	Section 3
<b>Who is the Company?</b>	<p>The Company is a global investment company with offices in Hong Kong and Shanghai. The Company's primary business is to provide wealth management, investment management and investment banking services to a select group of private, institutional and corporate clients. The Company's focus is on capitalizing on the increasing cross border investment flows between China and ASEAN economies as well as the rest of the world.</p> <p>The Company was incorporated in the Cayman Islands on 3 May 2012 and in 2013 started operations in Hong Kong through its wholly-owned subsidiary, Phoenician Limited.</p> <p>Over the past decade, the Company has slowly grown its operations in Hong Kong, establishing a number of other wholly-owned Hong Kong subsidiaries, three of whom hold licences issued by the Securities and Futures Commission of Hong Kong (<b>SFC</b>), which enable the Company's subsidiaries to operate its wealth management, investment management and investment banking business units.</p> <p>The Company was registered as a foreign corporation in Australia on 17 June 2022.</p>	Section 3.1
<b>What is the nature of the Company's business?</b>	<p><b>Wealth management</b></p> <p>The Company's wealth management business unit is specialised in advising a select group of private and institutional clients, including high net worth individuals and family offices, to preserve and manage their wealth and achieve their financial goals.</p> <p>Through its comprehensive suite of bespoke portfolio management solutions, the Company provides non-discretionary investment advisory services and discretionary portfolio management services. The wealth management business unit also invests funds in selected investment strategies.</p>	Section 3.4

Question	Response	Section
	<p><b>Investment management</b></p> <p>The investment management business unit manages discretionary accounts on behalf of institutional and private clients under discretionary mandates to capture global investment opportunities across global markets, leveraging on both of Phoenician’s investment professionals and best-of-breeds external investment managers.</p> <p>The investment management business unit also deploys Phoenician funds through selected investments in private equity and public market transactions. Phoenician’s multi-national investment team works across multiple industries with a key focus on companies/ issuers operating across China and ASEAN economies.</p> <p><b>Investment banking</b></p> <p>Phoenician’s investment banking unit advises first-tier corporate clients on complex international transactions and global private and public fundraisings and provides sales, trading, brokerage and research services to its institutional and private clients.</p> <p>Specifically, the Phoenician advisory team offers financial advice to corporate clients on acquisitions, divestitures and corporate restructuring and executes capital raising transactions, either through public offerings or through private placements.</p> <p>In addition, through its broker/dealer and research platforms, the Phoenician broking team offers its institutional and private clients the ability to execute trades in cash equity and other selected investment products by providing global access to financial markets and trade facilitation services, supported by in-depth research coverages and reports on key investment topics.</p>	
<p><b>What jurisdictions does the Company operate in?</b></p>	<p>The Company has offices in Hong Kong and Shanghai. The Company does not currently engage in any regulated activity in mainland China.</p> <p>The Company has registered offices in Cayman Islands and Australia.</p>	<p>Section 3.1</p>
<p><b>How will the Company generate income or capital growth for investors?</b></p>	<p>The Company generates revenue from its wealth management and investment management business units from management fees and net investment gains. The Company’s own investments are held for return through dividend income and fair value gains.</p> <p>Phoenician also generates revenue from its investment banking business unit through transaction fees, advisory fees and net investment gains.</p>	<p>Section 3.4</p>

Question	Response	Section
<p><b>What are the Company's key assets and liabilities?</b></p>	<p>As at 31 December 2021, the Company's consolidated group assets are approximately HK\$483 million, mostly represented by financial assets at fair value (HK\$459 million).</p> <p>The Company through its subsidiaries holds licences issued by the SFC, which enable the Company's subsidiaries to engage in its wealth management, investment management and investment banking business units. Refer to Section 3.3 for details relating to the licences held by the Company's subsidiaries. The Company consolidated group liabilities are approximately HK\$104 million as at 31 December 2021, mostly represented by an unsecured loan (HK\$94 million).</p>	<p>Sections 3.3 and 6.3</p>
<p><b>Does the Company currently have required licences to operate?</b></p>	<p>Yes, the Company, through its wholly-owned subsidiaries, holds the following licences awarded by the SFC:</p> <ul style="list-style-type: none"> <li>• Type 1 license (Dealing in Securities);</li> <li>• Type 4 license (Advising on Securities);</li> <li>• Type 6 license (Advising on Corporate Finance); and</li> <li>• Type 9 license (Asset Management).</li> </ul>	<p>Section 3.3</p>
<p><b>What is the financial position and performance of the Company?</b></p>	<p>The Company's financial statements are included at Section 6 of this Prospectus.</p> <p>The Company's key financial performance metrics for the 12 months ending 31 December 2021 are:</p> <ul style="list-style-type: none"> <li>• Revenues of HK\$14.5 million;</li> <li>• Net Investment Gains of HK\$408.8 million;</li> <li>• Operating Expenses of HK\$14.7 million;</li> <li>• Net Profit of HK\$408.6 million; and</li> <li>• Net Assets of HK\$379.3 million.</li> </ul> <p>Prospective investors should carefully review all of the financial information included in this Prospectus, including the Investigating Accountants Report. Further, prospective investors should note that past performance is not a reliable indicator of future performance.</p>	<p>Section 6</p>

Question	Response	Section
<b>What will be the Company's key business objectives and strategies?</b>	<p>The Company's key corporate objectives are:</p> <ul style="list-style-type: none"> <li>• providing private and institutional clients with wealth management and investment management services with a special focus on China and ASEAN capital markets;</li> <li>• providing China based private and institutional clients with investment management services and wealth management advice with a special focus on cross border capital market opportunities;</li> <li>• assisting high growth China and ASEAN corporate clients in raising capital by accessing private and public global capital markets; and</li> <li>• enabling international corporate clients to invest in high-growth China and ASEAN markets to realise high growth market entry/market build-out strategies.</li> </ul> <p>The Company's strategy for each of its business units is summarised in Section 3.5.</p>	Section 3.5
<b>What are the Company's key material contracts?</b>	<p>The key material contracts of the Company are:</p> <ul style="list-style-type: none"> <li>• Contract to appoint the Executive Director and Chair of the Board;</li> <li>• Contracts to appoint the Non-Executive Directors and Company Secretary;</li> <li>• Deeds of Indemnity, Insurance and Access for each of the Directors;</li> <li>• Placement Agreement to appoint Phoenician Advisory as the Lead Manager to the Offer; and</li> <li>• Loan Agreement with Unico Holdings Limited.</li> </ul>	Section 10

## 1.2 The Offer

Question	Response	Section
<b>What is the Offer?</b>	<p>The Offer is a public offering of 5,000,000 Shares to be issued under this Prospectus at a price of AU\$1.00 per Share. The amount to be raised under the Offer is AU\$5,000,000 (before costs).</p> <p>The Shares issued pursuant to the Offer will rank equally with Shares already on issue. A summary of the rights and liabilities attaching to the Shares is set out in Section 11.1.</p>	Section 2.1 and 11.1

Question	Response	Section
<p><b>What are the implications of the Company being incorporated in Cayman Islands?</b></p>	<p>The Company is incorporated in the Cayman Islands and is therefore subject to Cayman Islands laws. These laws may not provide the same level of investor protection as Australian laws, including with respect to related party transactions and takeovers. Furthermore, it may be more time consuming and expensive for Shareholders to enforce these rights in the Cayman Islands than in Australia.</p> <p>A summary of Cayman Islands company laws applicable to the Company is set out in Section 11.2.</p>	<p>Section 11.2</p>
<p><b>Who can participate in the Offer?</b></p>	<p>The Offer is open to residents of Australia and New Zealand, certain qualified and institutional investors in Hong Kong, and institutions and certain other exempt investors where not prohibited by law. The Company will not process any Applications from investors where it has concerns that the Offer may not comply with the jurisdiction to which any Applicant is subject.</p>	<p>Section 2.15</p>
<p><b>Is there a minimum and maximum amount to be raised under the Offer?</b></p>	<p>The minimum and maximum subscription requirement for the Offer is AU\$5,000,000 (<b>Subscription</b>). No securities will be issued until the Offer has reached the Subscription requirement.</p>	<p>Section 2.7</p>
<p><b>Is the Offer underwritten?</b></p>	<p>The Offer is not underwritten.</p>	<p>Section 2.19</p>
<p><b>What happens if the Subscription is not achieved?</b></p>	<p>If the Subscription is not reached within three (3) months after the date of the Prospectus, no Shares will be issued and any Application Monies received by the Company will be refunded as soon as practicable in full, without interest.</p>	<p>Section 2.7</p>
<p><b>What is the purpose of the Offer?</b></p>	<p>The purpose of the Offer is:</p> <ul style="list-style-type: none"> <li>• to fund the expansion of the Company’s agency business (i.e. the part of the Company’s business that provides investment advice, investment management services and investment banking services to third party clients);</li> <li>• to raise capital in order to strengthen the Company’s balance sheet and provide financial flexibility to pursue its identified growth opportunities and objectives as set out in this Prospectus;</li> <li>• to provide for the working capital needs of the Company;</li> <li>• to provide a liquid market for the Company’s Shares and an opportunity for others to invest in the Company;</li> <li>• to provide the Company with the benefits of an increased profile arising from being listed on the NSX; and</li> <li>• to pay the costs of the Offer.</li> </ul>	<p>Section 2.9</p>



Question	Response			Section	
<p><b>How will the proceeds of the Offer be used?</b></p>	<p>The proceeds of the Offer are currently intended to be used for the purposes set out below:</p>			<p>Section 2.10</p>	
			<p><b>Use of Funds (AU\$)</b></p>		<p><b>Percentage of Funds (%)</b></p>
	<p><b>1.</b></p>	<p><b>Investment Capital</b></p>	<p><b>3,400,000</b></p>		<p><b>68.0%</b></p>
		<p>Funds to invest in core business activities and in particular grow the Company's agency business.</p>	<p>3,400,000</p>		<p>68.0%</p>
		<p><i>Comprised of the following start-up costs for expanded investment advisory team over a period of 2 years:</i></p> <ul style="list-style-type: none"> <li>• <i>Office Rental</i></li> <li>• <i>Financial Advisors</i></li> <li>• <i>Recruitment Costs</i></li> <li>• <i>Investment in IT Systems</i></li> </ul>	<p><i>1,500,000</i></p> <p><i>900,000</i></p> <p><i>1,000,000</i></p>		
	<p><b>2.</b></p>	<p><b>Costs of the Offer</b></p>	<p><b>533,000</b></p>		<p><b>10.7%</b></p>
	<p><b>3.</b></p>	<p><b>General Working Capital/ Administrative Expenses</b></p>	<p><b>1,067,000</b></p>		<p><b>21.3%</b></p>
		<p>General operational and administrative costs including employees, accounting, legal and costs of being a listed entity on the NSX</p>	<p>67,000</p>		<p>1.3%</p>
		<p>Working Capital</p>	<p>1,000,000</p>		<p>20.0%</p>
		<p><i>Comprised of:</i></p> <ul style="list-style-type: none"> <li>• <i>Market Participants Deposits</i></li> <li>• <i>Broker Deposits with Third Party Execution Brokers</i></li> <li>• <i>Increase in Minimum Deposits with Custodian</i></li> <li>• <i>Other</i></li> </ul>	<p><i>50,000</i></p> <p><i>500,000</i></p> <p><i>300,000</i></p> <p><i>150,000</i></p>		
		<p><b>TOTAL</b></p>	<p><b>5,000,000</b></p>		<p><b>100%</b></p>

Question	Response	Section												
<p><b>What will be the capital structure of the Company on completion of the Offer?</b></p>	<p>The capital structure of the Company following completion of the Offer will be:</p> <table border="1" data-bbox="432 271 1230 510"> <thead> <tr> <th></th> <th>Number</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Shares currently on issue</td> <td>100,000,000</td> <td>95.2</td> </tr> <tr> <td>Shares available under the Offer</td> <td>5,000,000</td> <td>4.8</td> </tr> <tr> <td>Shares on issue after completion of the Offer</td> <td>105,000,000</td> <td>100.0</td> </tr> </tbody> </table>		Number	Percentage (%)	Shares currently on issue	100,000,000	95.2	Shares available under the Offer	5,000,000	4.8	Shares on issue after completion of the Offer	105,000,000	100.0	
	Number	Percentage (%)												
Shares currently on issue	100,000,000	95.2												
Shares available under the Offer	5,000,000	4.8												
Shares on issue after completion of the Offer	105,000,000	100.0												
<p><b>Will the Shares be listed?</b></p>	<p>The Company will make an application to the NSX for admission to the Official List and Official Quotation of the Shares within seven (7) days of the date of this Prospectus. Completion of the Offer is conditional on the NSX approving this application.</p> <p>If approval is not given within three (3) months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 2.6												
<p><b>What fees are payable to third parties on completion of the Offer</b></p>	<p>No fees will be paid to any external financial adviser for the completion of the Offer. Legal fees and other Offer costs are detailed in Section 11.5.</p> <p>Phoenician Advisory, a member of the Group (being a wholly-owned subsidiary of Phoenician), will be paid a placement fee of 0.5% of the Offer proceeds for its role as Lead Manager of the Offer. However, this is considered an intra-group cost and therefore is not included under the costs of the Offer.</p>	Section 2.10												

### 1.3 Key Risks

Topic	Summary	Section
<b>Operating risks</b>	<p><b>General economic conditions</b></p> <p>Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and stock market prices. The Company's operating costs, possible future revenues and future profitability can be affected by these factors, which are beyond the control of the Company.</p> <p><b>Regulatory environment</b></p> <p>The Company was incorporated in the Cayman Islands and hold a registered office in the Cayman Islands. The Company is registered as a foreign corporation in Australia and has a registered office in Australia. The Company's subsidiaries were incorporated in Hong Kong and have their offices in Hong Kong. The Company and its subsidiaries are therefore subject to the laws and regulations of Hong Kong, the Cayman Islands and Australia, when applicable. Competitors and members of the general public or regulators could allege breaches of the legislation in the relevant jurisdiction. This could result in remedial action or litigation, which could potentially lead to the Company being required to pay compensation or a fine.</p> <p>The Company's subsidiaries' operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact on the Company's profitability. In addition, if regulators took the view that the Company's subsidiaries had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices of the imposition of a pecuniary penalty. This could lead to significant reputational damage and adversely impact upon the financial position and financial performance of the Company.</p> <p><b>Unforeseen expenses</b></p> <p>While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.</p>	Section 5

Topic	Summary	Section
	<p><b>Market conditions</b></p> <p>Market conditions may affect the value of the Company’s Shares regardless of the Company’s operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> <li>• general economic outlook;</li> <li>• introduction of tax reform or other new legislation;</li> <li>• interest rates and inflation rates;</li> <li>• currency fluctuations;</li> <li>• changes in investor sentiment toward particular market sectors;</li> <li>• the demand for, and supply of, capital; and</li> <li>• pandemics, terrorism or other hostilities.</li> </ul> <p>The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.</p> <p><b>Reliance on key personnel</b></p> <p>Phoenician’s success, in part, depends upon the continued performance, efforts, abilities and expertise of its key management personnel, as well as other management and technical personnel, including those employed on a contractual basis. The loss of the services of certain personnel could adversely affect the time frames and cost structures as currently envisaged for Phoenician’s business. If one or more of the senior executives or other personnel of Phoenician are unable or unwilling to continue in their present positions, Phoenician may not be able to replace them easily and its business may be disrupted, and the financial condition and results of operations may be materially and adversely affected.</p> <p>The risks associated with these key executives have been mitigated, to a certain extent, through service agreements, management structures and policies in place that allow for succession planning.</p>	

Topic	Summary	Section
	<p><b>Investment risk</b></p> <p>The Company’s investment portfolio consists of a significant number of shares in Pyx Resources Limited (NSX: PYX; LSE: PYX) (<b>Pyx Shares</b>). As a result, the Company may be vulnerable to events that affect the value of the Pyx Shares. Refer to Section 6 for further information in relation to the Company’s holding of Pyx Shares.</p> <p><b>Future capital needs</b></p> <p>The Company’s ability to effectively implement its business strategy will depend in part on its ability to generate income from its operations, and/or to raise additional funds. The need and amount for any additional funds required is currently unknown and will depend on numerous factors related to its current and future activities (including any future acquisitions).</p> <p>There can be no assurance that funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company and its performance. If required, the Company would seek additional funds through equity, debt or joint venture financing.</p> <p>If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro-rata basis to existing Shareholders, the percentage ownership of Shareholders may be reduced. Shareholders may experience subsequent dilution. There can be no guarantee that any capital raisings will be successful. If the Company is unable to obtain additional financing as needed, it may result in the delay or indefinite postponement of the Company’s activities.</p> <p><b>Poor investment decisions</b></p> <p>The investment management unit manages funds on behalf of institutional and private clients. Poor investment performance due to the Company making poor investment decisions could cause the market value of the funds’ underlying investments to decline, which would adversely affect the Company’s management fees, professional fees and net investment gains.</p>	

Topic	Summary	Section
	<p><b>Specific risks related to the Company's foreign operations</b></p> <p>The Company's operations will predominantly be in Hong Kong Special Administrative Region, whose economy is subject to many global and internal forces beyond the control of the Company. The Company and its operations may be impacted by changes in the general economic and political climate in the jurisdictions in which the Company operates. Fluctuations in economic growth, the reformation of government structure or industry, interest rates, rates of inflation, taxation and tariff laws and domestic security may affect the value and viability of any activity conducted by the Company.</p> <p>Operating in foreign countries has inherent risks which may impact adversely on the financial position, financial performance, cash flows, growth prospects, ability to pay dividends and the Share price of the Company.</p> <p><b>Investment in emerging markets</b></p> <p>The Hong Kong economy, the China economy and the other ASEAN countries economies are vulnerable to market downturns and economic slowdowns elsewhere in the world, and, generally, investing in emerging markets involves greater risk than investing in more developed markets, including in some cases significant legal, economic and political risks. Investors should also note that emerging markets are subject to rapid change. Global financial or economic crises in any large emerging market country tend to adversely affect prices in equity markets of most or all emerging market countries as investors move their money to more stable, developed markets.</p> <p>As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in other emerging markets and adversely affect the economy. In addition, during such times, businesses that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn.</p> <p>Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Potential investors are urged to consult with their own legal and financial advisors before making an investment in the Company.</p> <p><b>Loss of clients</b></p> <p>The wealth management business unit has a small but key number of clients. The loss of any one (1) or more of these clients will impact negatively on the business causing a concomitant loss of revenue.</p>	

Topic	Summary	Section
	<p><b>Cyber security</b></p> <p>The Company operates much of its business and stores a significant amount of proprietary information on information technology systems, including third party systems. Cyber-attacks or malicious hacking activity that breach the Company's information technology environment or any third party system on which the Company relies could lead to operational disruption or data theft including commercially sensitive information which could have a material adverse effect on the Company.</p>	
<b>Liquidity</b>	<p>A portion of the Company's existing Shares will be subject to escrow restrictions in accordance with the Listing Rules. This could be considered an increased liquidity risk as a large portion of issued capital of the Company may not be able to be freely tradable for a period of time.</p>	Section 5.2(g)

#### 1.4 Financial Information

Question	Response	Section						
<p><b>What will be the financial position of the Company following completion of the Offer?</b></p>	<p>A selected summary of the Company's pro-forma consolidated statement of financial position is set out below.</p> <p>As detailed in Section 6, the Company's historical pro-forma consolidated statement of financial position includes a number of adjustments as if they occurred on 31 December 2021, including but not limited to the capital raising and costs of the Offer.</p> <table border="1"> <thead> <tr> <th></th> <th>Completion of the Offer (AU\$5,000,000)</th> </tr> </thead> <tbody> <tr> <td>Cash (HK\$)</td> <td>39,556,035</td> </tr> <tr> <td>Net Assets (HK\$)</td> <td>403,670,034</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <p>1. Exchange Rate AU\$/HK\$ = 5.4469</p>		Completion of the Offer (AU\$5,000,000)	Cash (HK\$)	39,556,035	Net Assets (HK\$)	403,670,034	Section 6
	Completion of the Offer (AU\$5,000,000)							
Cash (HK\$)	39,556,035							
Net Assets (HK\$)	403,670,034							
<p><b>How has the Company been performing?</b></p>	<p>In the 12 months ending 31 December 2021, the Group operated through three (3) reportable operating business units:</p> <ul style="list-style-type: none"> <li>• wealth management;</li> <li>• investment management; and</li> <li>• investment banking.</li> </ul> <p>All three (3) business units have experienced significant growth in total revenues.</p>	Section 6						

Question	Response	Section
	<p>Total net investment gains as well as operating profit for the year ended 31 December 2021 has increased substantially in the year ending 31 December 2021, compared with the corresponding period ending 31 December 2020 and the corresponding period ending 31 December 2019.</p> <p>In addition, the Company has achieved substantial growth in Assets under Custody (<b>AuC</b>).</p>	
<b>How does the Company expect to fund its operations?</b>	<p>The initial funding for the Company's future activities will be generated from the Offer pursuant to this Prospectus.</p> <p>The Company may need to raise further capital in the future to continue to develop its business, and such amounts may be raised by further equity raisings, or the Company may consider other forms of debt or quasi-debt funding if required.</p> <p>In addition, the Company will continue to have access to debt funding at market rates.</p>	Section 2.10
<b>What are the Company's forecast prospects?</b>	<p>The Directors are of the opinion that the financial performance of the Company in any period will be influenced by various factors that are outside their control. Therefore, the Directors have concluded that it is not appropriate to provide any forecast financial information in relation to the Company.</p>	Section 6

## 1.5 Directors and Senior Management

Question	Response	Section
<b>Who will be on the board of Directors?</b>	<ul style="list-style-type: none"> <li>• Mr Kwan Chan – Executive Director and Chair of the Board;</li> <li>• Mr Yiu Man Lo – Non-Executive Director; and</li> <li>• Mr James Stephen Barrie – Non-Executive Director.</li> </ul> <p>Profiles of each of the Directors are provided in Section 8.1.</p>	Section 8.1
<b>Who will be the management team?</b>	<p>The Company will be led by Mr Kwan Chan as the Executive Director and Chair of the Board and Mr Marco Arosti as Chief Executive Officer.</p> <p>Please see Section 8.1 of this Prospectus for further details of their credentials.</p>	Section 8.1
<b>What will be the Directors' security holdings in the Company</b>	<p>As at the date of this Prospectus, the Directors and their associates do not have an interest in any securities of the Company (whether direct or indirect).</p> <p>Mr Barrie intends to apply for 2,000 Shares under the Offer, equating to a 0.002% interest in the Company following completion of the Offer.</p>	Section 8.2



Question	Response	Section						
<b>How much will Directors be paid?</b>	The proposed annual remuneration of each Director will be as follows:	Sections 8.3 & 8.4						
	<table border="1"> <thead> <tr> <th>Director</th> <th>Remuneration</th> </tr> </thead> <tbody> <tr> <td>Kwan Chan</td> <td>HK\$960,000/annum (AU\$176,247)<sup>1</sup></td> </tr> <tr> <td>Yiu Man Lo</td> <td>AU\$20,000/annum</td> </tr> <tr> <td>James Stephen Barrie<sup>2</sup></td> <td>AU\$20,000/annum</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <ol style="list-style-type: none"> <li>Exchange Rate HK\$ to AU\$ is 5.4469 as at 27 July 2022, sourced from the Reserve Bank of Australia.</li> <li>Mr Barrie will also be paid AU\$5,000/annum (AU\$10,000/annum starting from the first anniversary of his appointment) for his role as Company Secretary.</li> </ol>		Director	Remuneration	Kwan Chan	HK\$960,000/annum (AU\$176,247) <sup>1</sup>	Yiu Man Lo	AU\$20,000/annum
Director	Remuneration							
Kwan Chan	HK\$960,000/annum (AU\$176,247) <sup>1</sup>							
Yiu Man Lo	AU\$20,000/annum							
James Stephen Barrie <sup>2</sup>	AU\$20,000/annum							

## 1.6 Further Details

Question	Response	Section													
<b>Who are the current substantial Shareholders of the Company and what will their interests be after completion of the Offer?</b>	The Company's substantial Shareholders are as follows:	Section 2.12													
	<table border="1"> <thead> <tr> <th>Shareholder</th> <th>Number of Shares held (Current)</th> <th>% of Shares held</th> <th>Number of Shares held (post Offer)</th> <th>% of Shares held</th> </tr> </thead> <tbody> <tr> <td>Zurich Capital Partners Limited</td> <td>61,400,000</td> <td>61.4%</td> <td>61,400,000</td> <td>58.48%</td> </tr> <tr> <td>High Noble Investments Limited</td> <td>9,800,000</td> <td>9.8%</td> <td>9,800,000</td> <td>9.33%</td> </tr> </tbody> </table> <p><b>Notes:</b></p> <ol style="list-style-type: none"> <li>The Company understands that none of the above Shareholders intend to participate in the Offer.</li> </ol>		Shareholder	Number of Shares held (Current)	% of Shares held	Number of Shares held (post Offer)	% of Shares held	Zurich Capital Partners Limited	61,400,000	61.4%	61,400,000	58.48%	High Noble Investments Limited	9,800,000	9.8%
Shareholder	Number of Shares held (Current)	% of Shares held	Number of Shares held (post Offer)	% of Shares held											
Zurich Capital Partners Limited	61,400,000	61.4%	61,400,000	58.48%											
High Noble Investments Limited	9,800,000	9.8%	9,800,000	9.33%											
<b>What related party arrangements exist?</b>	Refer to Section 8.7 for details of the related party agreements to which the Company is a party.	Section 8.7													
<b>What escrow arrangements will be in place as at completion of the Offer?</b>	Certain Shares on issue prior to the Offer may be subject to escrow imposed by NSX. The Company will announce to NSX full details (quantity and duration) of the securities required to be held in escrow prior to its Shares commencing trading on NSX (which admission is subject to NSX's discretion and approval).	Section 2.18													
<b>How do I apply for Shares under the Offer?</b>	By submitting a valid Application Form attached to, or accompanying, this Prospectus in accordance with the instructions set out on the Application Form. To the maximum extent permitted by law, an Application by an Applicant under the Offer is irrevocable.	Section 2.3													

<b>Question</b>	<b>Response</b>	<b>Section</b>
<b>Is there any brokerage, commission or Australian stamp duty payable?</b>	No brokerage commission or Australian stamp duty is payable by Applicants on acquisitions of Shares under the Offer.	Section 2.3
<b>What is the minimum Application under the Offer?</b>	Applicants must apply for a minimum of 2,000 Shares representing a minimum investment of AU\$2,000.00.	Section 2.3
<b>What is the allocation policy?</b>	The Directors have the right to allocate Shares at their discretion and may reject any Application or allocate fewer Shares than an Applicant applies for. If any Application is not accepted, or is accepted in part only, the relevant rejected portion of the Application Monies will be returned to the relevant Applicant without any accrued interest.	Section 2.4
<b>Are there any taxation implications for investing in Shares?</b>	You may be subject to income tax or withholding tax on any future dividends paid. Tax consequences of any investment in Shares will depend upon your particular circumstances. Applicants should obtain their own advice prior to deciding whether to invest.	Section 2.17
<b>What is the Company's dividend policy?</b>	Dividends may be paid subject to the financial performance of the Company. The Company has no present intention to pay any dividends in the near term.	Section 8.8
<b>When can I sell my Shares on the NSX?</b>	It is expected that the despatch of holding statements or allotment confirmation advices will occur on or about 2 September 2022 and trading of the Shares will commence between 2 and 9 September 2022.	
<b>How can further information be obtained?</b>	If you require assistance or additional copies of this Prospectus, please contact the Company. For advice on the Offer, you should speak to your stockbroker, accountant or other professional financial adviser.	Section 12

## **2. Details of the Offer**

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### **2.1 The Offer**

This Prospectus relates to an Offer of 5,000,000 Shares by Phoenician at an issue price of AU\$1.00 per Share to raise AU\$5,000,000.

All Shares will, once issued, rank equally with each other. A summary of the rights attaching to Shares is set out in Section 11.1.

If the Subscription is not reached within three (3) months after the date of the Prospectus, no Shares will be allotted and Application Monies will be refunded as soon as is practicable in full, without interest.

### **2.2 Secondary Trading of Shares**

The Prospectus will also facilitate the secondary trading of Shares previously issued by the Company.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to offer those securities within 12 months of the date of their issue.

Section 708A(11) of the Corporations Act provides an exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the body; and;
- (b) a prospectus is lodged with ASIC either:
  - (1) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
  - (2) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

The purpose of this Prospectus and Offer is to comply with section 708A(11) of the Corporations Act so that the holders of Shares described above in this Section 2.2 can, if they choose to, sell those Shares within the next 12 months without disclosure.

### **2.3 Applications and Payment**

Applications for Shares under the Offer can only be made using the relevant Application Form accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the back of the form. Completed Application Forms, together with the full amount of Application Monies payable, may be lodged at any time after the Opening Date but no later than the Closing Date. Please send your completed Application Form to the Company's Share Registry by no later than 5:00pm (AWST) on the Closing Date.

By completing an Application Form, each applicant under the Offer will be taken to have declared that all details and statements made by them are complete and accurate and that they have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Completed Application Forms and accompanying cheques, made payable to “Phoenician International Limited” and crossed “Not Negotiable”, must be mailed or delivered to the address set out on the Application Form by no later than 5:00pm (AWST) on the Closing Date, which is scheduled to occur on 24 August 2022.

If paying by BPAY, please follow the instructions on the Application Form. A unique reference number will be quoted upon completion of the online application. Your BPAY reference number will process your payment to your application electronically and you will be deemed to have applied for such Shares for which you have paid. Applicants using BPAY should be aware of their financial institution’s cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the Closing Date of the Offer. You do not need to return any documents if you have made payment via BPAY.

You must apply for a minimum parcel of 2,000 Shares representing a minimum investment of AU\$2,000.00. Applications for less than this will not be accepted. Applicants applying for additional Shares must apply for Shares in multiples of 1,000 (representing a further investment of AU\$1,000.00). No brokerage, stamp duty or other costs are payable by Applicants. Cheques must be made payable to “Phoenician International Limited”. Payments must be made in Australian dollars. The Company reserves the right to vary the Closing Date without prior notice; which may have a consequential effect on the other dates. Applicants are therefore urged to lodge their Application Forms as soon as possible.

An original, completed and lodged Application Form together with an electronic funds transfer for the Application Monies constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may still be treated by the Company as valid. The Board’s decision as to whether to treat an Application as valid and how to construe, amend or complete the Application Form is final.

It is the responsibility of Applicants outside Australia and New Zealand to obtain all necessary approvals in order to be issued Shares under the Offer. The return of an Application Form or otherwise applying for Shares under the Offer will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

## **2.4 Allocation and Allotment of Shares**

The Directors do not represent that any Application to participate in the Offer will be successful. In relation to the Offer, the Directors reserve the right to reject any Application or to allot a lesser number of Shares than that applied for under the Offer at their absolute discretion. If the number of Shares allotted is fewer than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on monies refunded.

Subject to the NSX granting approval for quotation of the Shares, the allotment of Shares to be issued under the Offer will occur as soon as practicable after the Offer closes.

Holding statements and allotment confirmation advices will be despatched as required by the NSX. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares.

Applicants who sell the Shares before they receive their holding statement or allotment confirmation advice will do so at their own risk.

## **2.5 Application Monies to be Held in Trust**

Application Monies will be held in trust until allotment.

## **2.6 NSX Listing**

The Company will apply to NSX within seven (7) days of the date of this Prospectus for admission to the Official List and for quotation of its Shares on NSX. If NSX does not grant permission for the quotation of the Shares offered under this Prospectus within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be issued. In these circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all Application Monies without interest.

The Directors expect that trading of Shares on the stock market conducted by NSX will commence as soon as practicable after approval for admission to the Official List of the NSX is granted and all conditions (if any) applicable hereto have been fulfilled.

## **2.7 Minimum and Maximum Subscription**

The minimum and maximum subscription requirement for the Offer is AU\$5,000,000, representing the subscription of 5,000,000 Shares at an issue price of AU\$1.00 each (**Subscription**). No securities will be issued until the Offer has reached the Subscription. Subject to any extension, if the Subscription has not been achieved within three (3) months of the date of this Prospectus, all Application Monies will be refunded without interest in accordance with the Corporations Act.

## **2.8 Opening Date and Closing Date of the Offer**

The Opening Date of the Offer will be 13 August 2022 and the Closing Date for the Offer will be 24 August 2022, unless otherwise extended.

The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so.

If the Offer does not proceed, the Share Registry, your broker or the Company will refund Application Monies. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

## 2.9 Purpose of the Offer

The purpose of the Offer is:

- (a) to fund the expansion of the Company's agency part of the business (i.e. the part of the business that provides investment advice, investment management services and investment banking services to third party clients);
- (b) to raise primary capital in order to strengthen the Company's balance sheet and provide financial flexibility to pursue its identified growth opportunities and objectives as set out in this Prospectus;
- (c) to provide a liquid market for Shares and an opportunity for others to invest in the Company;
- (d) to provide for the working capital needs of the Company;
- (e) to provide the Company with the benefits of an increased profile arising from being listed on the NSX; and
- (f) to pay the costs of the Offer.

In relation to (a), the Company intends to grow the agency business by substantially increasing the number of active clients, its assets under custody and its assets under management. This objective will be pursued through:

- (1) recruiting additional financial advisors;
- (2) expanding office facilities; and
- (3) upgrading the Company's technology infrastructure in order to improve client service.

The planned expansion of the Company's agency business will likely result in additional general and administrative expenses over the next 2 years and might negatively affect the Company's financial performance if the additional revenues generated by the Company's agency business do not offset the additional costs in the long-term.

In relation to (d), as part of its growth plan, the Company will be required to pay additional broker deposits in order to:

- (1) become market participant on various exchanges, including the Hong Kong Stock Exchange;
- (2) trade through various execution brokers; and
- (3) maintain minimum required deposits with custodians.

## 2.10 Proposed Use of Funds

The Offer will raise AU\$5,000,000 before costs.

The funds raised from the Offer are currently intended to be used for the purposes as set out below:

		Uses of Funds (AU\$)	Percentage of Funds (%)
<b>1.</b>	<b>Investment Capital</b>	<b>3,400,000</b>	<b>68.0%</b>
	Funds to invest in core business activities and in particular to grow the Company's agency business	3,400,000	68.0%
	<i>Comprised of the following start-up costs for expanded investment advisory team over a period of 2 years:</i>		
	• <i>Office Rental</i>	<i>1,500,000</i>	
	• <i>Financial Advisors Recruitment Costs</i>	<i>900,000</i>	
	• <i>Investment in IT Systems</i>	<i>1,000,000</i>	
<b>2.</b>	<b>Costs of the Offer<sup>3</sup></b>	<b>533,000</b>	<b>10.7%</b>
<b>3.</b>	<b>General Working Capital/Administrative Expenses</b>	<b>1,067,000</b>	<b>21.3%</b>
	General operational and administrative costs including employees, accounting, legal and costs of being a listed entity on the NSX	67,000	1.3%
	Working Capital <sup>4</sup>	1,000,000	20.0%
	<i>Comprised of:</i>		
	• <i>Market Participants Deposits</i>	<i>50,000</i>	
	• <i>Broker Deposits with Third Party Execution Brokers</i>	<i>500,000</i>	
	• <i>Increase in Minimum Deposits with Custodian</i>	<i>300,000</i>	
	• <i>Other</i>	<i>150,000</i>	
	<b>TOTAL</b>	<b>5,000,000</b>	<b>100%</b>

### Notes:

1. The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors including, but not limited to, the Company's performance, as well as regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.
2. The use of further equity funding or Share placements (subject to any necessary Shareholder approvals) will be considered by the Directors where it is appropriate to accelerate a project.
3. Refer to Section 11.5 for further details.
4. The Company will provide details of its actual expenditure in its periodic reports and as otherwise required by the Listing Rules.

## 2.11 Capital Structure and Ownership

As a result of the Offer, the capital structure of the Company is set out in the table below:

<b>Offer</b>	<b>Number</b>	<b>%</b>
Current Shares on issue	100,000,000	95.2
Shares available under the Offer <sup>1</sup>	5,000,000	4.8
Shares on issue on completion of the Offer	105,000,000	100.0

### Notes:

1. The Shares available under the Offer will be listed on the NSX. AU\$5,000,000 is the only subscription possible under the Offer (i.e. both the minimum and maximum subscriptions) through the issue of 5,000,000 Shares at an issue price of AU\$1.00 each.

## 2.12 Substantial Shareholders

The table below sets out the Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offer:

<b>Shareholder</b>	<b>At the date of this Prospectus</b>		<b>On completion of the Offer</b>	
	<b>Number of Shares held</b>	<b>% of Shares held</b>	<b>Number of Shares held</b>	<b>% of Shares held</b>
Zurich Capital Partners Limited	61,400,000	61.4%	61,400,000	58.48%
High Noble Investments Limited	9,800,000	9.8%	9,800,000	9.33%

### Notes:

1. The Company understands that none of the above Shareholders intend to participate in the Offer.

## 2.13 Nominated Adviser

Companies intending to list on the NSX are required to have a Nominated Adviser. It is contemplated that, with a Nominated Adviser for each entity, investors will be offered better protection because Nominated Advisers are required to make sure that companies meet the ongoing requirements for Listing on NSX and the requirements of the Corporations Act. The Company has appointed HopgoodGanim Lawyers as its Nominated Adviser.

## 2.14 CHES and Issuer Sponsored Holdings

NSX has established a transfer service agreement between NSX and ASX CHES. This agreement recognises the NSX as an Australian market operator pursuant to the ASX Settlement Operating Rules and allows NSX to be a recipient of the transfer service provided by ASX.

The Company will apply to participate in CHES and will comply with the Listing Rules and ASX Settlement Operating Rules. CHES is an electronic transfer and settlement system for transactions in securities quoted on the NSX under which transfers are effected in an electronic form.



When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister. The Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Shareholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Company's share registry in the case of a holding on the issuer sponsored subregister. The Company and its Share Registry may charge a fee for these additional issuer sponsored statements.

If investors have enquiries about CHESS, they should contact their broker or NSX.

## **2.15 Foreign Shareholders**

No action has been taken to register or qualify the offer of Shares under this Prospectus, or to otherwise permit a public offering, in any jurisdiction outside Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this Prospectus should seek their own advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus (and the accompanying Application Form) does not constitute an offer of, or invitation to subscribe for, securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. Where this Prospectus is available to persons domiciled in a country other than Australia, and where that country's securities code or legislation requires registration, this Prospectus is provided for information purposes only.

### **(a) Hong Kong**

This Prospectus and any other documents or materials relating to the Prospectus (a) do not constitute a "prospectus" (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) (**Companies (Winding Up and Miscellaneous Provisions) Ordinance**), (b) are not an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (**SFO**) and (c) have not been reviewed, approved or authorised by the Securities and Futures Commission of Hong Kong or any other regulatory authority in Hong Kong.

Each potential investor acquiring the Shares will be required to confirm, or by his or her acquisition of the Shares will be deemed to have confirmed, that he or she is aware of the restrictions on the offers of the Shares described in this Prospectus.

Accordingly (a) this Prospectus and any other documents or materials relating to the Prospectus must not be issued, circulated or distributed in Hong Kong other than (i) to “professional investors” as defined in the SFO and any rules made thereunder; or (ii) in other circumstances which do not result in the documents being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance or which do not constitute an offer to the public within the meaning of that Ordinance; and (b) no person may issue, or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under SFO.

## **2.16 Anti-Money Laundering/Counter-Terrorism Financing Act 2006**

The Company or your broker may be required under the *Anti-Money Laundering/Counter-Terrorism Financing Act 2006* (Cth) or any other law to obtain identification information from an Applicant who fails to provide identification information upon request.

## **2.17 Taxation Implications**

Applicants should be aware that there may be taxation liabilities arising from the subscription for Shares under the Offer and the subsequent sale of those Shares.

For this reason, it is very important that Applicants consult their own taxation or other advisers in relation to the taxation laws and regulations applicable to their personal circumstances. To the maximum extent permitted by law, the Company and its officers accept no liability or responsibility in respect of any tax consequences connected with an investment in the Company.

## **2.18 Restricted Securities and Escrow Arrangements**

The Company does not envisage that any Shares issued pursuant to the Offer will be classified by NSX as restricted securities.

Certain other securities of the Company may be classified as restricted securities by NSX under the Listing Rules and be subject to escrow for up to 24 months from the date of the Company’s admission to the Official List. The Company will announce to the NSX full details (quantity and duration) of the securities required to be held in escrow prior to the Shares commencing quotation on the NSX.

## **2.19 Underwriting**

The Offer is not underwritten.

## **2.20 No Forecasts**

The business of wealth management, investment management and investment banking are speculative where there are significant uncertainties associated with forecasting revenues and expenses of such operations. Accordingly, the Directors believe that reliable forecasts cannot be prepared and forecasts have therefore not been included in this Prospectus.

### 3. Company Overview

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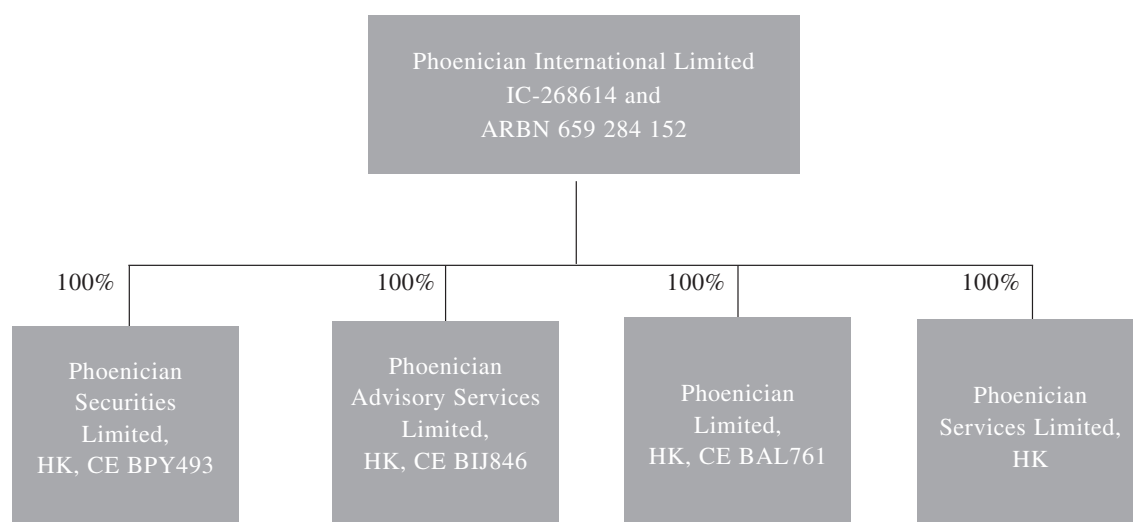
#### 3.1 Incorporation

The Company is an exempted company limited by shares which was incorporated in the Cayman Islands on 3 May 2012 as company number IC-268614. The Company is continued under the laws of the Cayman Islands and was registered as a foreign company under the Corporations Act on 17 June 2022 as ARBN 659 284 152. The Company is not incorporated under the laws of Australia.

As the Company is not incorporated in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC and, instead, are regulated by the laws of the Cayman Islands.

#### 3.2 Corporate Structure

The group corporate structure of the Company is set out below:



The Company's primary business (through its subsidiaries) is to provide wealth management, investment management and investment banking services to a select group of private, institutional and corporate clients, focusing on capitalizing on the increasing cross border investment flows between China/ASEAN economies and the rest of the world.

In 2013, the Company started operations in Hong Kong through its wholly-owned Hong Kong incorporated subsidiary, Phoenician Limited (**Phoenician Limited**). Phoenician Limited provides both wealth management and investment management services to its clients, operating across two (2) of the Company's business units, as described below in Section 3.4.

Wealth management services are offered in most cases to private clients, and in some cases to institutional clients (such as family offices) with investment solutions tailored to their specific characteristics (e.g. investment horizon and disposable income) and their specific investment allocation preferences, keeping in mind the client's overall financial situation.

Phoenician's investment management services are focused on specific investment strategies made available, in most cases, to institutional clients and in some cases to private clients with higher investment risk tolerance, with investment solutions designed around Phoenician's portfolio management capabilities in selected asset classes and geographies.

Phoenician Advisory Services Limited (**Phoenician Advisory**) was incorporated on 7 July 2016 and Phoenician Securities Limited (**Phoenician Securities**) was incorporated on 13 March 2017 (both being wholly-owned Hong Kong incorporated subsidiaries and Licensed Corporations accredited by SFC).

Both Phoenician Advisory and Phoenician Securities provide investment banking services and operate within the investment banking business unit as described below in Section 3.4(c). Phoenician Advisory offers corporate advisory and fundraising support to corporate clients, and Phoenician Securities offers brokerage and sales/trading services to private and institutional clients.

On 9 December 2021, the Company established Phoenician Services Limited (**Phoenician Services**), a wholly-owned Hong Kong incorporated subsidiary, to engage in non-SFC regulated activities in Hong Kong. These activities include, among other things, dealing with the Group employees payroll obligations.

The Company was registered as a foreign company under the Corporations Act on 17 June 2022 as one of the pre-requisites for its intended listing on the NSX. The Company currently does not have any operations in Australia and does not plan to operate in Australia in the foreseeable future, nor at this moment intends to apply for an Australian Financial Service License to permit it to conduct its business in Australia. The primary objective of the NSX listing is to broaden the Company investor and shareholder and gain access to one of the largest pools of investible funds in the Asia Pacific region. A listing on the NSX was chosen over other listing options (including the Hong Kong Stock Exchange – Main Board and the Australian Stock Exchange) due to the lower complexity of the listing process and the superior clarity of NSX market data communication web-based tools. In addition, a listing on the NSX will enable the Company to connect more closely to the Australia investment community, particularly in the mining sector, and will provide the Company with the potential to develop relationships with Australian co-investors on mining related investment opportunities.

In terms of its operations, the Company currently only deals with its clientele through its Hong Kong office, in compliance with Hong Kong laws and regulation in relation to client onboarding rules applicable to Hong Kong based clients and non-Hong Kong based clients. In addition, in terms of deploying its own investment capital the Company is focused primarily on China (where the Company has a representative office) and other countries where the Company does not have yet a representative office (including ASEAN countries, primarily Indonesia, in the fields of mining and Switzerland in the field of healthcare and life sciences).

### 3.3 Licences

Phoenician Securities, Phoenician Advisory and Phoenician Limited are licenced by the SFC as “Licensed Corporations” to engage in various regulated activities, as described in Section 3.2. The following table sets out the licences held by each of these entities. For further information in relation to the types of activities that are permitted by these licences see Schedule 5 of the SFO.

Entity	License number	License type
Phoenician Limited	CE No. BAL761	Type 4 – Advising on Securities Type 9 – Asset Management
Phoenician Advisory	CE No. BIJ846	Type 1 – Dealing in Securities Type 6 – Advising on Corporate Finance
Phoenician Securities	CE No. BPY493	Type 1 – Dealing in Securities

### 3.4 Company Business

The Company operates three (3) distinct business units, each of them focused on the provision of their respective services:

- (a) wealth management;
- (b) investment management; and
- (c) investment banking.

Individual clients might be served by multiple business units, with each business unit contributing their distinctive competences in an integrated and client-centric fashion.

The Company intends to service a highly sophisticated and high-net-worth client base. The Company currently has under 20 clients. The existing clients have mostly been acquired from within the personal network of the Company's management, and through existing client referrals. Client retention is dependent upon the perceived level of service provided and the perceived impact of the Company's advice, order execution and discretionary management on client account financial performance.

There are no long-term contractual arrangements with clients. Most contractual agreements with clients can be terminated by both parties at short notice. The impact of the potential non-retention of the Company's clients would be significant for the Company's financial performance, as most of the clients engage the Company for multi-year periods and the non-retention of any client might have an impact on the long-term revenue potential of the business.

Going forward the Company intends to employ financial advisors to acquire additional clients and increase its asset under custody and asset under management, in order to grow the relevance of the agency business within the overall Company's business.

The Company currently has under 10 suppliers. The suppliers are mostly management consultants and professional advisers such as payroll management providers and auditors of the Company's group accounts. Out of the total balance of HK\$10,303,762 reported in the Company's account as at 31 December 2021, only HK\$2,750,797 relates to trade supplier payables. The remaining amount is owed to the Company's clients for client cash deposited in trust with the Company and other settlement obligations.

The Company currently engages 5 full-time employees and 20 consultants, with competencies ranging from financial advisory, legal, compliance, administration and IT. The Company's full-time employees are employed by the Company's subsidiary Phoenician Services and assigned to work for other group subsidiaries based on business requirements. In addition to Mr Kwan Chan and Mr Marco Arosti, the Company employs 3 additional full-time employees with relevant expertise in the field of financial advisory, trade settlement and accounting.

#### **Wealth management**

The wealth management business unit specialises in advising a select group of private and institutional clients, including high net worth individuals and family offices, to preserve and manage their wealth and achieve their financial goals.

Through its comprehensive suite of bespoke portfolio management solutions, the Company's subsidiaries provide mostly non-discretionary investment advisory services with no investment mandate in relation to clients' asset under custody. The client will determine whether or not to act upon the Company investment advice. The wealth management business unit also invests Phoenician's own funds on selected investment strategies.

Phoenician generates revenue through this business unit from management fees and net investment gains. Management fees have been a consistent contributor to revenue. These are paid quarterly and are normally related to non-discretionary investment advisory mandates, and accrue regardless of the performance of the client account. The management fees are usually charged in the form of a fixed quarterly retainer, as agreed with the client at the time of the execution of the investment advisory agreement.

The determination of the quarterly retainer usually depends on the amount of the client asset under custody.

- For clients with assets under custody between US\$5,000,000 and US\$10,000,000 the annual fixed fee charged will typically be calculated as 1% of the value of the asset under custody at the time of execution of the contract.
- For clients with assets under custody between US\$10,000,000 and US\$20,000,000 the annual fixed fee charged will typically be calculated as 1.25% of the value of the asset under custody at the time of execution of the contract.
- For clients with assets under custody above US\$30,000,000 the annual fixed fee charged will typically be calculated as 1.50% of the value of the asset under custody at the time of execution of the contract.

Although investment advisory agreements can be terminated by both parties at short notice, management fees are considered recurring revenue for the Company, as the Company is normally engaged by wealth management clients for multi-year periods. The non-retention of any client might have an impact on the long-term revenue potential of the business.

Net investment gains are usually generated by the Company's own investment into listed securities.

### **Investment management**

The investment management business unit manages discretionary accounts on behalf of private and institutional clients under discretionary mandates to capture global investment opportunities across global markets, leveraging on both Phoenician's investment professionals and best-of-breeds external investment managers. The Company will normally be engaged through investment management agreements, providing the Company with a specific discretionary investment mandate in relation to a pre-defined client's account.

The investment management unit also deploys Phoenician's own funds through selected investments in private equity and public markets transactions. Phoenician's multi-national investment team works across multiple industries with a key focus on companies/issuers operating across China and ASEAN economies.

Phoenician generates revenue through this business unit from management fees and net investment gains. Management fees are normally related to discretionary mandates and accrue in direct proportion to the performance of the client account. Management fees usually include a basic fee calculated as a percentage of the asset under management in the designated client account (as an example, the typical percentage fee range will be from 1.0% to 2.0% of the account value at the end of the period, depending on the client relationship) and in some cases a performance fee calculated as a percentage on the increase in the account value in the relevant period (as an example, this could be in the range of 10% to 20% of the increase in the account value, depending on client relationship). Although investment management agreements can be terminated by both parties at short notice, management fees are considered recurring revenue for the Company, as the Company is normally engaged by investment management clients for multi-year periods. The non-retention of any client might have an impact on the long-term revenue potential of the business.

Net investment gains are usually generated by the Company's own investment into private companies or listed securities. The Company's own investments are held for return through dividend income and fair value gains.

### **Investment banking**

Phoenician's investment banking unit advises first-tier corporate clients on complex international transactions and global private and public fundraisings and provides sales, trading, brokerage and research services to its institutional and private clients.

Specifically, the Phoenician advisory team offers financial advice to corporate clients on acquisitions, divestitures and corporate restructuring and executes capital raising transactions, either through public offerings or through private placements. The Company will typically charge corporate clients a fundraising commission in the range of 0.5% to 6% of the funds raised on transactions which involve capital raising, depending on the specific mandate requirements. The Company will typically charge transaction advisory fees in the range of 0.5% to 1.5% of the transaction value on transactions such as acquisitions, divestitures and corporate restructuring.

In addition, through its broker/dealer and research platforms, the Phoenician broking team offers its institutional and private clients the ability to execute trades in cash equity and other selected investment products by providing global access to financial markets and trade facilitation services, supported by in-depth research coverages and reports on key investment topics. The Company will typically charge a 0.2% to 0.5% commission on trade execution through its broker/dealer platform, depending on the exchanges in which the client securities are traded. The broker/dealer platform only operates on client instructions in relation to the assets under custody and does not have any discretionary mandates or advisory mandates on these assets, and therefore does not have any assets under management. The broker/dealer revenues typically depend on volume of trades executed, with no retainer charged to clients on a periodic basis.

The broker/dealer platform also has the mandate to invest the Company's own funds on selected markets to facilitate client trades.

Phoenician intends to continue to derive transaction fees, advisory fees and net investment gains from its investment banking business unit. Net investment gains are usually generated by the Company's investment into listed securities.



### 3.5 Corporate Strategy and Objectives

The Company's strategy for each of the business units is summarised below:

#### (a) Wealth Management

In the Company's view, wealth management solutions must be tailored to the specific client circumstances. Clients must be offered access to a wide set of investment products with best-in-class risk-adjusted returns, and in line with their risk tolerance and investment horizon.

Phoenician takes this philosophy and implements it through three (3) key tenets that can be summarised as follow:

- (1) ensure that each financial adviser fully understands the financial situation of their clients before engaging in non-discretionary advisory engagement or discretionary mandates on behalf of their clients;
- (2) provide all clients access to a wide set of investment-grade investment products with a fee structure that aligns the Company remuneration to client net investment returns; and
- (3) customise global portfolio allocation for each individual client and implement variations to the portfolio allocation whenever required by changes in market outlook or client circumstances.

The Company intends to substantially increase its total Assets under Management (**AuM**) in the wealth management business unit by:

- (1) substantially increasing the number of active clients and their individual account values;
- (2) employing financial advisors with solid track records; and
- (3) further increasing the offering of institutional-grade investment products across global markets.

#### (b) Investment Management

The Company's investment management business unit deploys its own capital and its clients' money seeking to leverage on its deep understanding of global macro trends and on its specific sectorial expertise. The Company believes that a thorough understanding of asset prices interdependence with macro-economic developments combined with sector specialisation is the key to formulate winning investment strategies.

Specifically, in relation to investments in listed securities, Phoenician intends to identify and invest in companies which perform strongly when assessed against these criteria:

- (1) growth-oriented businesses with leading positions within their target market;
- (2) committed and empowered management team with solid track record; and
- (3) substantial discount to intrinsic value.



Phoenician's investment strategy criteria are guidelines rather than rules. Other factors will also be considered by Phoenician as determined appropriate before investments are made. Phoenician may alter its investment strategies and underlying criteria over time where Phoenician believes such changes are to be in the interests of Phoenician's clients and Shareholders as a whole, and subject to the Listing Rules and applicable laws.

Depending on market conditions, the Company intends to selectively increase the aggregate value of the discretionary accounts under management in its investment management unit by:

- (1) offering clients increased exposure to investment strategies focused on its key areas of expertise, namely China equities, healthcare and commodities;
- (2) employing portfolio managers with relevant skills in its key areas of focus; and
- (3) leveraging on the advice of external best-of-breed investment managers.

Regardless of market conditions, Phoenician's long-term goal and mission is to capitalize on the increasing cross border investment opportunities generated by high-growth capital flows between China and other ASEAN economies and the rest of the world, coupled with a lack of specialized "dual world" investment management offering in the market.

**(c) Investment Banking**

The investment banking unit operates as a trusted advisor and broker to the Company's clients. The Company operates this business unit according to the following principles:

- (1) focus recruitment effort on bankers and brokers with significant industry experience, and build a diverse team around these core individuals;
- (2) invest in state of the art trading systems to offer the Company's clients fast and seamless order execution across global markets; and
- (3) develop lasting relationships with clients by defining and constantly pursuing well-articulated long-term shared objectives.

The Company intends to keep its corporate advisory client focus on China and ASEAN based corporate clients, and support them in mergers, acquisitions, restructurings and capital raisings across global private and public equity markets, and to establish itself as a trusted advisor to industry leaders in the region, with special focus on the mining sector.

In addition, the Company intends to grow its sales and trading/brokerage business and substantially increase its total Assets under Custody (AuC) by focusing on new and existing wealth management clients and offering them an integrated platform for order execution and monetization of their investments.

In the near term, the Company's key corporate objectives are:

- (a) providing private and institutional investors with first class wealth management and investment management services with a special focus on China and ASEAN capital markets;
- (b) providing China based private and institutional investors with wealth management advice and investment management services with a special focus on cross border capital market opportunities;

- (c) assisting high growth China and ASEAN corporate clients in raising capital by accessing private and public global capital markets; and
- (d) enabling international corporate clients to invest in high-growth China and ASEAN markets to realise high growth market entry/market build-out strategies.

### 3.6 Competitive Advantages

The Company believes that it has the following competitive advantages:

- (a) the ability to identify investment opportunity with substantial return potential. As a result of its relationship-based approach to private and institutional clients, the Company has the ability to scout co-investment opportunities in promising early-stage ventures, mostly in the private equity segment, that are generally not available for investment by the general public;
- (b) investment in talent. The Company has over time hired and developed financial entrepreneurs to enhance its client service and expand its private, institutional and corporate client network. The Company management team is constantly involved in mentoring activities, with substantial benefit in terms of employee loyalty and client trust; and
- (c) the capability to deliver “dual world” solutions to its client base. As an independent outfit, the Company is able to deliver the best investment solutions to clients across asset classes and through the east-west divide with total alignment of incentives with its clients and no conflict of interest when providing financial advice.

### 3.7 Historical Financial Performance

This Section contains details in relation to the historical financial performance of the Company. The details in this Section are not forecasts and do not represent the future behaviour of the Company or its investment strategy and processes. Past performance is not indicative of future performance and the performance of the Company could be significantly different to the performance in the past.

On a consolidated basis, the Company has achieved a significant operating profit of HK\$408.6 million for the year ended 31 December 2021, up substantially from HK\$1.9 million for the year ended 31 December 2020 and an operating loss of HK\$5.9 million for the year ended 31 December 2019.

The following table sets forth a breakdown of operating profit by reporting segment for the years indicated:

	For the Year Ended 31 December		
	2021	2020	2019
Operating Profit	HK\$'000	HK\$'000	HK\$'000
<b>Business Segments</b>			
Wealth Management	27,755	4,371	(3,136)
Investment Management	390,622	(2,343)	(2,783)
Investment Banking	(9,745)	(120)	–
<b>Total Operating Profit</b>	<b>408,632</b>	<b>1,908</b>	<b>(5,919)</b>

Each of the Company's three (3) business units have unique characteristics and face different risks. As a result, the Company has identified below the different drivers for each of these business units.

For Phoenician's wealth management and investment management business units, the key business driver is the AuM metric, which is the aggregate amount of net asset value of securities and investment products for which Phoenician has provided discretionary investment management services to its clients as financial advisor or as investment manager.

For Phoenician's investment banking unit, the key business driver is the AuC metric, which is the total value of all financial assets which it holds on behalf of its clients as broker/custodian.

The following table sets forth the key metrics each unit's activities as of the dates indicated:

	For the Year Ended 31 December		
	2021	2020	2019
	HK\$'000	HK\$'000	HK\$'000
<b>Key Metrics</b>			
Wealth Management (AuM)	–	–	–
Investment Management (AuM)	15,500	15,500	15,500
Investment Banking (AuC)	784,000	–	–

As at 31 December 2021, Phoenician had approximately HK\$784 million of AuC for its investment banking business (2020: HK\$0, 2019: HK\$0) and HK\$15.5 million of AuM within its wealth management and investment management business units combined (2020: HK\$15.5 million, 2019: HK\$15.5 million), excluding financial assets held by its subsidiary, Phoenician Securities, which are not included in the AuM and AuC calculation.

The following table sets forth the fair value of investments of our primary investment activities as of the dates indicated:

	For the Year Ended 31 December		
	2021	2020	2019
	HK\$'000	HK\$'000	HK\$'000
<b>Held for trading investments (Total)</b>	<b>458,908</b>	<b>36,613</b>	<b>536</b>
Wealth Management	80,642	36,613	536
Investment Management	268,387	–	–
Investment Banking	109,879	–	–

As of 31 December 2021, Phoenician held for trading investments under its wealth management, investment management and investment banking business units amounted to an aggregate amount of HK\$458.9 million measured at fair value, which increased substantially as compared to the amount held as at 31 December 2020 (HK\$36.6 million) and 31 December 2019 (HK\$0.5 million).

### 3.8 Management Team

The Company's management team is composed of seasoned professionals with significant experience in the financial services industry and diverse backgrounds. Detailed biographies of the management team are included in Section 8.1.

**(a) Kwan Chan (Executive Chair)**

Mr Chan, Executive Director of Phoenician, has more than 15 years of experience in the financial services industry. Mr Chan joined Phoenician in 2012 as the Finance Director, and since this time has taken charge of the Group treasury operations and of leading all the financial reporting activities.

Refer to Section 8.1(a) for more details relating to Mr Chan.

**(b) Marco Arosti (Chief Executive Officer)**

Mr Arosti, Chief Executive Officer, has more than 20 years of international banking experience. Mr Arosti joined Phoenician in 2016, in charge of investment banking advisory and overall oversight of the Hong Kong regulated activities of the Company's subsidiaries.

Refer to Section 8.1(d) for more details relating to Mr Arosti.

### 3.9 Laws and Regulations Relating to the Company's Business and Operations in Hong Kong

**(a) Laws and regulations administered by the SFC**

Under the SFO, a corporation which carries on a business in a regulated activity (as defined in schedule 5 of the SFO), or holds itself out as carrying on a regulated activity, or actively markets, whether in Hong Kong or from a place outside Hong Kong, to the Hong Kong public any services it provides, which would constitute a regulated activity if provided in Hong Kong, must be licenced by the SFC to carry out that regulated activity, unless one of the exemptions under the SFO applies. It is an offence for any person to, without reasonable excuse, conduct a business in a regulated activity or hold out as carrying on a business in a regulated activity without a license or registration with the SFC.

**(b) Types of persons regulated under the SFO**

**(1) Licensed Corporation (as defined under section 116 or section 117 of the SFO)**

For application as a fully Licensed Corporation to carry on one (1) or more regulated activities, the applicant (which must be a company incorporated in Hong Kong or an overseas company registered with the Companies Registry of Hong Kong) has to satisfy the SFC that it has a proper business structure, sound internal control systems and qualified personnel to ensure proper risk management in the course of carrying on the proposed business as detailed in the business plan submitted to the SFC. Key guidelines to meet the competence requirements published by the SFC are set out in (a) the Guidelines on Competence; (b) the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (**SFC Code of Conduct**); and (c) the Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the Securities and Futures Commission.

(2) Responsible Officers (as defined under section 126 of the SFO)

Each Licensed Corporation must have at least two (2) Responsible Officers to directly supervise the conduct of each regulated activity which it is licenced for. For each regulated activity, it must have at least one (1) Responsible Officer available at all times to supervise the business. The same individual may be appointed to be a Responsible Officer for more than one (1) regulated activity provided that he or she is fit and proper to be so appointed and that there is no conflict in the roles assumed. At least one (1) of the Responsible Officers must be an executive director as defined under the SFO. All executive directors must seek the SFC's approval as Responsible Officers accredited to the Licensed Corporation. Mr Arosti is a Responsible Officer and executive director of each of the Company's SFC licensed subsidiaries. The Company has engaged in aggregate three (3) Responsible Officers as at the date of this Prospectus, including Mr Arosti.

(3) Licensed Representative (as defined under section 120 and section 121 of the SFO)

An individual is required to be a Licensed Representative if he or she is performing a regulated function for his or her principal which is a Licensed Corporation in relation to a regulated activity carried on as a business or he or she holds out as performing such function. Any person intending to apply to be a Responsible Officer or a Licensed Representative must demonstrate that he or she fulfils the competence requirements as prescribed by the SFC from time to time.

The Company has not engaged any Licensed Representatives as at the date of this Prospectus.

(4) Substantial Shareholders (as defined under section 6 of schedule 1 of the SFO) (**SFO Substantial Shareholder**)

As required under section 132 of the SFO, a person (including a corporation) has to apply for SFC's approval prior to becoming or continuing to be a SFO Substantial Shareholder. A person, being aware that he or she becomes a SFO Substantial Shareholder of a Licensed Corporation without SFC's prior approval should, as soon as reasonably practicable and in any event within three (3) business days after he or she becomes so aware, apply to the SFC for approval to continue to be a SFO Substantial Shareholder of the Licensed Corporation.

References to SFO Substantial Shareholder for the purposes of the SFO, a person shall, in relation to a Licensed Corporation, be regarded as a SFO Substantial Shareholder of the corporation if he or she, either alone or with any of his or her associates -

(A) has an interest in shares in the corporation:

- (i) the aggregate number of which shares is equal to more than 10% of the total number of issued shares of the corporation; or
- (ii) which entitles the person, either alone or with any of his or her associates and either directly or indirectly, to exercise or control the exercise of more than 10% of the voting power at general meetings of the corporation; or

- (B) holds shares in any other corporation which entitles him or her, either alone or with any of his or her associates and either directly or indirectly, to exercise or control the exercise of 35% or more of the voting power at general meetings of the other corporation, or of a further corporation, which is itself entitled, either alone or with any of its associates and either directly or indirectly, to exercise or control the exercise of more than 10% of the voting power at general meetings of the corporation.

As at the date of this Prospectus, Zurich Capital Partners Limited, which holds 61.4% of the Company's Shares prior to the Offer, is the only SFO Substantial Shareholder of the Company, and indirectly of its Licensed Corporations, as defined under section 6 of schedule 1 of the SFO.

**(5) Managers-in-Charge of Core Functions**

Pursuant to the "Circular to Licensed Corporations Regarding Measures for Augmenting the Accountability of Senior Management" (the "MIC Circular") published by the SFC on 16 December 2016, a Licensed Corporation is required to designate at least one (1) fit and proper individual as Manager-in-Charge (**MICs**) of each of the eight (8) core functions of a Licensed Corporation, namely (a) overall management oversight; (b) key business line; (c) operational control and review; (d) risk management; (e) finance and accounting; (f) information technology; (g) compliance; and (h) anti-money laundering and counter-terrorist financing.

Mr Arosti has overall management oversight over the regulated activities of the Licensed Corporations controlled by the Company. The Company has engaged in aggregate Mr Arosti, Mr Chan and an additional MIC for the operation of its activities, at the date of this Prospectus.

**(c) Licensing requirements and continuous compliance obligations**

**(1) Fit and proper requirements**

Licensed Corporations, licenced persons, registered institutions and directors and SFO Substantial Shareholders of the Licensed Corporations must remain fit and proper at all times and comply with all applicable provisions of the SFO and its subsidiary legislation as well as the codes and guidelines issued by the SFC from time to time. The major regulations or guidelines which set out the fit and proper requirements are the SFO and the guidelines made by the SFC under section 399 of the SFO, including the Fit and Proper Guidelines, the Guidelines on Competence and the Guidelines on Continuous Professional Training. Certain factors which the SFC takes into consideration in determining whether a person is fit and proper for the purposes of licensing or registration is stipulated under section 129 of the SFO.

**(2) Minimum capital requirements under the Securities and Futures (Financial Resources) Rules (chapter 571N of the Laws of Hong Kong) (FRR)**

Depending on the type of regulated activity that a Licensed Corporation is licenced for, Licensed Corporations have to maintain at all times paid-up share capital and liquid capital not less than the specified amounts according to the FRR. Under section 145 of the SFO, the FRR sets out the computation of a number of variables in respect of all the liquid assets and ranking liabilities of a Licensed Corporation. A Licensed Corporation shall at all times

maintain liquid capital which is not less than its required liquid capital as stipulated in section 6 of the FRR. If a Licensed Corporation conducts more than one (1) type of regulated activity, the minimum paid-up share capital and liquid capital that it must maintain shall be the higher or the highest amount required amongst those regulated activities.

(3) Submission of financial resources returns and audited accounts

Licensed Corporations are required to submit monthly financial resources returns to the SFC except for those Licensed Corporations for only Types 4 (advising on securities), 5 (advising on futures contracts), 6 (advising on corporate finance), 9 (asset management) and/or 10 (providing credit rating services) regulated activities and their licences are subject to the condition that they shall not hold client assets. In such latter case, the Licensed Corporations concerned shall submit semi-annual financial resources returns to the SFC as required under section 56 of the FRR. Financial resources returns should be submitted electronically to the SFC via the electronic submission platform of the SFC named WINGS. Licensed Corporations and associated entities of intermediaries (except for those which are authorised financial institutions) are also required to submit their audited accounts and other required documents within four (4) months after the end of each financial year as required under section 156(1) of the SFO.

(4) Payment of annual fees

Licensed Corporations, licenced persons and registered institutions should pay annual fees within one (1) month after each anniversary date of the licences or registrations under section 138(2) of the SFO.

(5) Continuous professional training

According to the Guidelines on Continuous Professional Training published by the SFC pursuant to section 399 of the SFO, a Licensed Corporation is responsible for designing and implementing a continuous education system for the individuals they engage. Licenced individuals must undertake a minimum of prescribed continuous professional training hours per calendar year and Responsible Officers must take prescribed minimum additional training hours per calendar year.

(6) Maintenance of segregated accounts, and holding and payment of client money and securities

For a Licensed Corporation which holds client money (as defined under the SFO), it must maintain segregated accounts, to hold and deal with client money received or held by or on behalf of its clients by a Licensed Corporation or its associated entity (as defined under the SFO) in accordance with the requirements of the Securities and Future (Client Money) Rules (chapter 571I of the Laws of Hong Kong) which set out the requirements to ensure proper handling of client money. If a Licensed Corporation holds securities received or held by a Licensed Corporation in Hong Kong on behalf of its client, it must ensure that the client securities are deposited in safe custody in a segregated account which is designated as a trust or client account in accordance with the requirements of the Securities and Futures (Client Securities) Rules (chapter 571H of the Laws of Hong Kong) which set out the requirements to ensure proper safeguard of client securities. The Securities and Futures (Client Securities) Rules apply to securities that are either listed or traded on the Stock Exchange of Hong Kong Limited or interests in a collective investment scheme as authorised by the SFC under section 104 of the SFO.



(7) Office premises and record keeping requirements

A Licensed Corporation must keep records in accordance with the requirements under the Securities and Future (Keeping of Records) Rules (chapter 571O of the Laws of Hong Kong) which requires Licensed Corporations to ensure that they maintain comprehensive records with sufficient details in respect of their businesses and customer transaction for a prescribed period and for the purpose of proper accounting of their business operations and clients' assets. A Licensed Corporation is also required under section 130 of the SFO to apply for prior approval from the SFC for keeping records or documents as required under the SFO and Anti-Money Laundering and Counter-Terrorist Financing Ordinance (chapter 615 of the Laws of Hong Kong).

(8) Matters requiring the SFC's prior approval and notification obligation to the SFC

A Licensed Corporation or licenced persons must also seek the SFC's prior approval for matters including addition or reduction of regulated activity, modification or waiver of licencing condition or change of its financial year end. Licensed Corporations, licenced individuals, registered institutions and SFO Substantial Shareholders approved by the SFC are also required to notify the SFC within a prescribed period on certain changes in their particulars or occurrence of events as set out in the Securities and Futures (Licensing and Registration) (Information) Rules (chapter 571S of the Laws of Hong Kong). Such changes or events include but are not limited to, change of name, contact information, shareholding structure, involvement in proceedings or investigations.

(9) Guidelines and code of conducts

The SFC has issued various rules, codes and guidelines that are relevant to Licensed Corporations, including:

- (A) Guidelines on Competence (of corporations and licenced individuals);
- (B) Code of Conduct for Persons Licensed by or Registered with the SFC;
- (C) Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the SFC;
- (D) Fund Manager Code of Conduct; and
- (E) Corporate Finance Adviser Code of Conduct.

(10) Advertisements, invitations or documents relating to investments

Under section 103(1) of the SFO, unless specific exemptions apply, the issue of advertisement, invitation or document which contains an invitation to the public to, amongst others, the entering into an agreement to acquire an interest in or participate in, or offer to acquire an interest in or participate in, a collective investment scheme has to be authorised by the SFC. The specific exemptions include, among others, that under section 103(3)(k) of the SFO, if that advertisement, invitation or document are or are intended to be disposed of only to professional investors (as defined in part 1 of schedule 1 of the SFO).



(11) Exemptions to the Hong Kong prospectus regime

The Seventeenth Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance “C(WUMP)O” (the **Seventeenth Schedule**) sets out twelve safe harbours which exclude certain categories of offers from the prospectus regime. The most important of these in terms of an offer of shares are the following:

- (A) Professionals exemption: the offering documentation for offers to professional investors (as defined in section 1 of part 1 of schedule 1 of the SFO) is excluded from the C(WUMP)O “prospectus” definition and hence from all the C(WUMP)O prospectus requirements.
- (B) Private Placement Exemption: an exemption is available for offers made to a maximum of 50 persons in Hong Kong provided that the offer document contains in a prominent position the warning statement specified in Part 3 of the Eighteenth Schedule to the C(WUMP)O (the “specified warning statement”) which is as follows: “WARNING The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.”

(12) Laws and regulations in relation to anti-money laundering and counter-terrorist financing

The primary pieces of legislation in Hong Kong that govern the anti-money laundering and counter-terrorist financing include (a) the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (chapter 615 of the Laws of Hong Kong) (“AMLO”); (b) the Drug Trafficking (Recovery of Proceeds) Ordinance (chapter 405 of the Laws of Hong Kong); (c) the Organised and Serious Crimes Ordinance (chapter 455 of the Laws of Hong Kong); (d) the United Nations (Anti-Terrorism Measures) Ordinance (chapter 575 of the Laws of Hong Kong); (e) the United Nations Sanctions Ordinance (Chapter 537 of the Laws of Hong Kong); and (f) the Weapons of Mass Destruction (Control of Provision of Services) Ordinance (chapter 526 of the Laws of Hong Kong). The SFC has also published guidelines to set out requirements for Licensed Corporation to among other things, adopt and enforce “know your customers” policies and procedures. In particular, the AMLO imposes requirements regarding customer due diligence and record-keeping to financial institutions, and provides regulatory authorities with the powers to supervise compliance with the requirements under the AMLO. Pursuant to the AMLO, the regulatory authorities are empowered to (a) ensure that proper safeguard exist to prevent contravention of specified provisions in the AMLO and (b) mitigate money laundering and terrorist financing risks. Staff of Licensed Corporations who knows, suspects or has reasonable grounds to believe that a customer might have engaged in money laundering activities must immediately report to the compliance division/senior management of its organisation which, in turn, will be reported to Joint Financial Intelligence Unit.

## 4. Industry Overview

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The Company's investment focus and target market is China and the ASEAN economies.

The importance of east Asia (especially China) is reflected in the increasing economic relevance of east Asian emerging economies on a worldwide basis, and the increasing financial penetration of China and ASEAN economies.

### 4.1 Increasing Economic Relevance of East Asian Emerging Economies

The emerging east Asia economies, represented by some of the most rapidly growing economies such as China, Indonesia and Vietnam, has grown significantly over the last few decades.

While the east Asia region (especially China)'s future growth may be slower as economies mature and populations age, it is still expected to outpace the growth of developed economies and other emerging economies in the world due to continued urbanisation and middle-class growth in China and other east Asian nations, continued foreign and domestic investments into infrastructure, human capital and education in these economies and most importantly, further opening up of its capital markets to foreign investors in these nations.

### 4.2 Increasing Financial Penetration of China and ASEAN Economies

Asia's equity, bond and foreign exchange markets have grown, notably in the emerging east Asia region.

The region has also learnt valuable lessons from the Asian Financial Crisis (**AFC**) in the late 1990s. The result is more credible monetary and fiscal policies, improved financial sector regulation and supervision, and a shift from fixed or heavily managed currencies to more flexible exchange rates. Private and public sector balance sheets strengthened, national savings increased, and most Asian countries built up significant foreign exchange reserve buffers against external shocks.

Equity markets are also more developed after the AFC and the 2008 Global Financial Crisis (**GFC**), attracting more capital to invest into the emerging equity markets, both domestically and international, especially after MSCI Inc. included China in its emerging market indices.

Moreover, foreign direct investments (**FDI**) into key Asian economies with the highest potential and market depth such as China, Vietnam, and Indonesia represent a significant proportion of that of the global FDI.<sup>1</sup> According to the UNCTD Report, global FDI overall had collapsed in 2020, falling by 42% to an estimated US\$859 billion, from US\$1.5 trillion in 2019. Developing Asia accounted for 55% of global FDI in 2020, while FDI flows to developed countries fell by 69%.<sup>2</sup>

China was the largest recipient of FDI in 2020 as the coronavirus disease (**COVID-19**) spread across the world during the course of the year, with the Chinese economy having brought in US\$163 billion in inflows.<sup>3</sup>

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<sup>1</sup> United Nations Conference on Trade and Development, *Global Foreign Direct Investment Fell by 42% in 2020, Outlook Remains Weak* (Web Page, 24 January 2021) < <https://unctad.org/news/global-foreign-direct-investment-fell-42-2020-outlook-remains-weak> > (**UNCTD Report**). The author has not provided their consent for this statement nor any other statements in this Prospectus attributed to the UNCTD Report, to be included in the Prospectus.

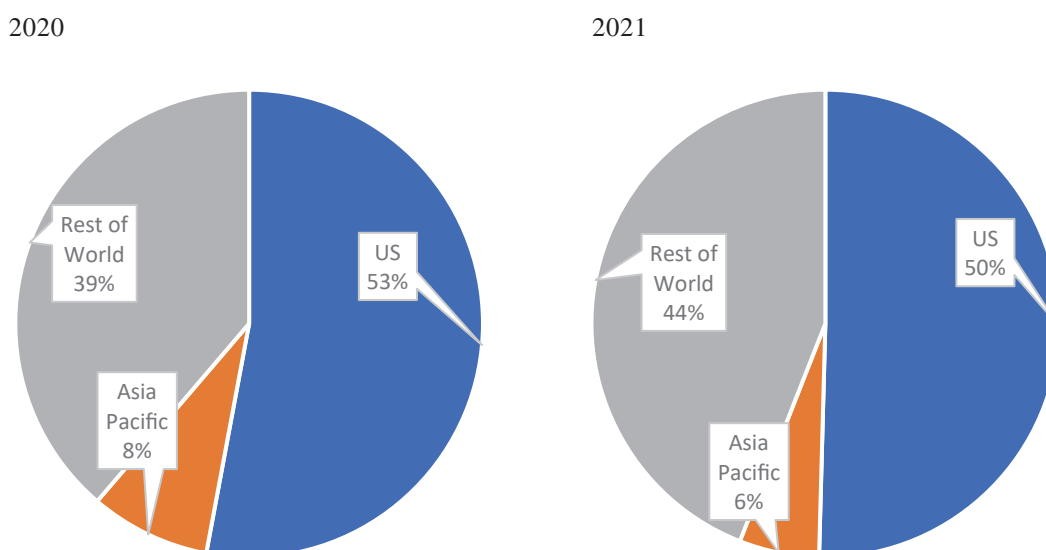
<sup>2</sup> UNCTD Report.

<sup>3</sup> UNCTD Report.

According to Refinitiv and Reuters, global exchange traded funds (**ETFs**) and exchange traded products (**ETPs**) received a record US\$1.22 trillion in inflow in 2021, 71% higher than 2020.<sup>4</sup> Moreover, capital flows into Asian equity ETFs reached US\$88 billion in 2021, a continued strong increase yet still significant room for a further growth as it accounts for a relatively small proportion of global EFT inflows.

These record numbers indicate growing interest of global institutional investors into Asian ETF market and it is without a doubt that such inflow will continue to grow, as Asia-Pacific's ETF inflow accounts for a mere 6-8% of total global ETF inflows while the EFT inflow in US accounts for about half of the global total, provide a significant space for future growth.

**Exhibit 1. Global funds inflows into east Asian ETF**



Source: IHS Markit

### 4.3 Competitive Landscape

The Company's wealth management and investment management business units are relatively fragmented within China and ASEAN economies.

As reported by the Deloitte Centre for Financial Services in its publication titled China's Investment Management Opportunity: Reforms could create a multitrillion-dollar market for foreign firms, China's Asset Management Industry is expected to reach a total AuM of over US\$30.2 trillion (RMB 196.3 trillion) by 2023.<sup>5</sup>

The asset management industry in China is also growing in product diversity, with an increasing prominent role played by wealth management products.

<sup>4</sup> Gaurav Dogra, 'Global ETFs Saw Record Inflows in 2021', *Reuters*, 21 January 2022 (**Reuters Report**). The author has not provided their consent for this statement nor any other statements in this Prospectus attributed to the Reuters Report, to be included in the Prospectus.

<sup>5</sup> Doug Dannemiller, 'China's investment management opportunity: Reforms could create a multitrillion-dollar market for foreign firms', *The Deloitte Centre for Financial Services*, 12 November 2019

According to the China Investment Banking Review (First Half 2021) Report issued by Refinitiv in 2021 (**Refinitiv Report**), on the investment banking side, Chinese investment banks have been dominating the domestic debt capital market for the past few years and Chinese banks are also leading in equity capital markets and merger and acquisition transactions.<sup>6</sup>

All investment banking activity in China generated US\$10.5 billion in fees during the first half of 2021, up 19.5% from the first half of 2020, and reached the highest first half period since 2000, according to the Refinitiv Report.

#### **4.4 China Led Capital Market Financial Reforms as an Opportunity for New Entrants**

China is acting on three (3) fronts to substantially increase international capital flows out of and into China.

##### **(a) Belt and Road Initiative (BRI)**

The BRI is a large project aiming at improving regional co-operation through better connectivity among countries lying on the ancient Silk Road and beyond. Established by China in 2013, the BRI is a critical initiative for China's outbound acquisitions.

It is expected that a significant amount of capital flow will continue to take place in connection with the BRI and this will allow financial groups and investment groups focusing on China and BRI countries to benefit from the increased amount of capital flow and cross-border transactions.

The stimulation of cross border transactions between China, the rest of Asia and Europe casts great investment opportunities, as well as increased business volume, for investment banking services.

##### **(b) China financial sector opening up**

In recent years, China has taken several important steps to further open up its financial industry to foreign participation. According to a report issued by Conventus Law on 17 November 2020 titled, China Integrates and Further Liberalises QFII/RQFII Schemes (**Conventus Law Report**), China's Qualified Foreign Institutional Investors program was launched in 2006.<sup>7</sup> This was followed by the launch of the Shanghai-Hong Kong Stock Connect program between the exchanges in mainland China and Hong Kong in 2014, and then the inclusion of China A-Shares in the MSCI World Index in 2018. This resulted in greater accessibility of the China A-Shares market to all investors and market participants.

The Chinese government has eased the restrictions on foreign ownership of securities and futures brokerage firms since 2021. Previously, foreign ownership was limited to 49% and under the new policy, foreign ownership can be increased to 51%. On 7 August 2021, the China Securities Regulatory Commission (**CSRC**) approved the registration of J.P. Morgan International Finance Limited taking 100% ownership of J.P. Morgan Securities (China) Company Limited, becoming the first foreign firm to own a brokerage in China. As more and more foreign firms are allowed to control their Chinese brokerage firms and compete in the domestic Chinese market, more capital flows facilitated by these foreign owned brokerage firms are expected to take place.

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<sup>6</sup> The author has not provided their consent for this statement nor any other statements in this Prospectus attributed to the Refinitiv Report, to be included in the Prospectus.

<sup>7</sup> The author has not provided their consent for this statement nor any other statements in this Prospectus attributed to the Conventus Law Report, to be included in the Prospectus

This approval is not an isolated case. In June 2021, the CSRC also gave approval to BlackRock Inc. to become the first licenced foreign wholly-owned China mutual fund unit and Citigroup Inc. received final approval for a China fund custodian business. The recent high-profile approvals of foreign wholly-owned entities in the financial sector illustrate that China is determined to open up its financial industry to foreign competitors, which will attract more foreign investment in the regional asset management industry.

(c) **Hong Kong role as the super connector**

Since Hong Kong launched the first offshore Renminbi (**RMB**) platform in 2004, it has become the global hub for offshore RMB trading with the world's largest RMB liquidity pool and provides the widest variety of offshore RMB investment products. According to the statistics of SWIFT, since 2004 and up until 2021, Hong Kong handled over 70% of the world's offshore RMB transactions and Hong Kong's RMB Real Time Gross Settlement system recorded a turnover of RMB900 billion per day on average.

In addition, the Shenzhen and Shanghai Hong Kong Stock Connect were launched in 2016 to trade China A-Share through the Hong Kong Exchange platform. This initiative improved access of Hong Kong based brokerage businesses to capital markets in the rest of the world.

On the debt market front, northbound trading under Bond Connect Company Limited commenced in July 2017, offering China Interbank Bond Market access to a broader group of eligible overseas investors, and southbound trading commenced in September 2021, allowing eligible Mainland institutional investors to invest in offshore bonds through the Hong Kong Exchange platform.

According to the Circular on Mutual Recognition of Funds (MRF) between the Mainland and Hong Kong issued by the SFC on 22 May 2015 (**MRF Circular**), the implementation of the Mainland-Hong Kong Mutual Recognition of Funds arrangement in 2015 has also helped widen the channel of cross-border investments between mainland China and Hong Kong, deepen the mutual access between the two financial markets, thereby making the asset and wealth management business of both jurisdictions more competitive in the international arena.<sup>8</sup>

In July 2017, Hong Kong's Renminbi Qualified Foreign Institutional Investor (**RQFII**) quota was expanded to RMB500 billion. Hong Kong's RQFII quota remains the largest in the world, reinforcing its role as the most effective intermediary for overseas investors' participation in the mainland China financial markets.

According to the policy report issued by the Canada China Business Council Policy on 6 January 2020, titled China's "Greater Bay Area" (**GBA Report**), with the establishment of China's "Greater Bay Area" Initiative in 2019 (a megalopolis encompassing major cities in the Guangdong Province, including Guangzhou, Shenzhen and Hong Kong) and more favourable policies for its financial industry, the connectivity between mainland China's capital markets and the rest of the world have increased further.<sup>9</sup>

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<sup>8</sup> The author has not provided their consent for this statement attributed to the MRF Circular to be included in the Prospectus.

<sup>9</sup> The author has not provided their consent for this statement attributed to the GBA Report to be included in the Prospectus.

In September 2021, Cross-boundary Wealth Management Connect Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area (**GBA**) was officially launched to enable eligible mainland, Hong Kong and Macao residents in the GBA to carry out cross-boundary investment in wealth management products distributed by banks in each other's market through a closed loop funds flow channel established between their respective banking systems.

The Directors believe that the upcoming Chinese financial sector reform (outlined above) presents a substantial opportunity for new entrants such as Phoenician to penetrate the Chinese investment banking and wealth management/investment management markets.

Increasingly Chinese private, institutional and corporate clients are demanding in-depth understanding of both global and regional market characteristics. To facilitate cross border capital flow, especially between east Asia and the rest of the world (mostly western developed markets), a deep understanding of the western financial markets and east Asia (especially Chinese) local economies specifics is critical, specifically in relation to capital flow constraints which are not common to other markets and not well known by international players.

## **5. Investment and Business Risk Factors**

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As with any equities investment, there are risks involved with investing in the Company. This Section 5 seeks to identify the major areas of risk associated with an investment in the Company, but should not be viewed as an exhaustive list of all risk factors to which the Company and its Shareholders are exposed.

Potential investors should be aware that the risks outlined in Section 1 and this Section 5 should be considered in conjunction with the other information in this Prospectus. In deciding whether or not to invest in the Company, potential investors should read this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for Shares.

### **5.1 Specific Risks**

#### **(a) General economic conditions**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital and industrial disruption have an impact on business costs and stock market prices. The Company's operating costs, possible future revenues and future profitability can be affected by these factors, which are beyond the control of the Company.

#### **(b) Regulatory environment**

The Company is incorporated in the Cayman Islands and has a registered office in the Cayman Islands. The Company is registered as a foreign corporation in Australia and has a registered office in Australia. The Company's subsidiaries are incorporated in Hong Kong and have their offices in Hong Kong. The Company and its subsidiaries are therefore subject to the laws and regulations of Hong Kong, the Cayman Islands and Australia, when applicable. Competitors and members of the general public or regulators could allege breaches of the legislation in the relevant jurisdictions. This could result in remedial action or litigation, which could potentially lead to the Company being required to pay compensation or a fine.

The Company's subsidiaries operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with its regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact on the Company's profitability. In addition, if regulators took the view that the Company had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices of the imposition of a pecuniary penalty. This could lead to significant reputational damage and adversely impact upon the financial position and financial performance of the Company.

#### **(c) Unforeseen expenses**

While the Company is not aware of any expenses that may need to be incurred that have not been taken into account, if such expenses were subsequently incurred, the expenditure proposals of the Company may be adversely affected.

**(d) Market conditions**

Market conditions may affect the value of the Company's Share's regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (1) general economic outlook;
- (2) introduction of tax reform or other new legislation;
- (3) interest rates and inflation rates;
- (4) currency fluctuations;
- (5) changes in investor sentiment toward particular market sectors;
- (6) the demand for, and supply of, capital; and
- (7) pandemics, terrorism or other hostilities.

The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

**(e) Reliance on key personnel**

Phoenician's success, in part, depends upon the continued performance, efforts, abilities and expertise of its key management personnel, as well as other management and technical personnel, including those employed on a contractual basis. The loss of the services of certain personnel could adversely affect the time frames and cost structures as currently envisaged for Phoenician's business. If one (1) or more of the senior executives or other personnel of Phoenician are unable or unwilling to continue in their present positions, Phoenician may not be able to replace them easily and its business may be disrupted, and the financial condition and results of operations may be materially and adversely affected.

The risks associated with these key executives have been mitigated, to a certain extent, through service agreements, management structures and policies in place that allow for succession planning and through key employees future participation in the employee incentive scheme operated by Phoenician.

**(f) Contractual risks**

The Company is a party to various contracts, including those set forth in Section 10. Whilst the Company will have various contractual rights in the event of non-compliance by a contracting party, no assurance can be given that all contracts to which the Company is a party will be fully performed by all contracting parties. Additionally, no assurance can be given that if a contracting party does not comply with any contractual provisions, the Company will be successful in securing compliance.



**(g) Investment risk**

The Company's investment portfolio consists of a significant number of shares in Pyx Resources Limited (NSX: PYX; LSE: PYX). As a result, the Company may be vulnerable to events that affect the value of these shares. Refer to Section 6 for further information in relation to the Company's holding of Pyx Shares.

**(h) Future capital needs**

The Company's ability to effectively implement its business strategy will depend in part on its ability to generate income from its operations, and/or to raise additional funds. The need and amount for any additional funds required is currently unknown and will depend on numerous factors related to its current and future activities (including any future acquisitions).

There can be no assurance that funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company and its performance. If required, the Company would seek additional funds through equity, debt or joint venture financing.

If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro-rata basis to existing Shareholders, the percentage ownership of Shareholders may be reduced. Shareholders may experience subsequent dilution. There can be no guarantee that any capital raisings will be successful. If the Company is unable to obtain additional financing as needed, it may result in the delay or indefinite postponement of the Company's activities.

**(i) Poor investment decisions**

The investment management unit manages funds on behalf of institutional and private clients. Poor investment performance due to the Company making poor investment decisions could cause the market value of the funds' underlying investments to decline, which would adversely affect the Company's management fees, professional fees and net investment gains.

**(j) Specific risks related to the Company's foreign operations**

The Company's operations will predominantly be in Hong Kong Special Administrative Region, whose economy is subject to many global and internal forces beyond the control of the Company. The Company and its operations may be impacted by changes in the general economic and political climate in the jurisdictions in which the Company operates. Fluctuations in economic growth, the reformation of government structure or industry, interest rates, rates of inflation, taxation and tariff laws and domestic security may affect the value and viability of any activity conducted by the Company.

Operating in foreign countries has inherent risks which may impact adversely on the financial position, financial performance, cash flows, growth prospects, ability to pay dividends and the Share price of the Company.

**(k) Investment in emerging markets**

The Hong Kong economy, the China economy and the other ASEAN countries economies are vulnerable to market downturns and economic slowdowns elsewhere in the world, and, generally, investing in emerging markets involves greater risk than investing in more developed markets, including in some cases significant legal, economic and political risks. Investors should also note that emerging markets are subject to rapid change. Global financial or economic crises in any large emerging market country tend to adversely affect prices in equity markets of most or all emerging market countries as investors move their money to more stable, developed markets.

As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in other emerging markets and adversely affect the economy. In addition, during such times, businesses that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn.

Accordingly, investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Potential investors are urged to consult with their own legal and financial advisors before making an investment in the Company.

**(l) Compliance regulation and risks**

The Company's operations and projects are subject to the laws and regulations of all jurisdictions in which it operates and carries on business, regarding compliance to various jurisdictions financial and regulation standards.

These laws and regulations set standards regulating certain aspects of the business and provide for penalties and other liabilities for the violation of such standards.

Significant liability could be imposed on the Company for damages or penalties in the event of certain breaches to anti-money laundering regulations, or financial advisor code of conduct.

The Company proposes to minimise these risks by conducting its activities in strict adherence to compliance standards, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage.

**(m) Climate change risk**

The Company identifies climate change and climate change regulation as strategic risks that ultimately may affect the Company's operating and financial performance. Changes in policy, technological innovation and consumer or investor preferences could adversely impact the Company's business strategy or the value of its assets, particularly in the event of a transition (which may occur in unpredictable ways) to a lower-carbon economy.

**(n) Foreign investment requirements**

Many governments have foreign exchange controls which need to be considered as far as repatriation of funds to Hong Kong and elsewhere is concerned. These controls may have an adverse effect on the financial position, financial performance, cash flows, growth prospects, ability to pay dividends and the Share price of the Company.

**(o) Compliance with Cayman Islands, Hong Kong and Australian laws**

As a company incorporated in the Cayman Islands, the Company will need to ensure its continuous compliance with Cayman Islands law. In addition, since the Company will be listed on the NSX and registered as a foreign company in Australia, the Company will also need to ensure continuous compliance with relevant Australian laws and regulations, including the Listing Rules and certain provisions of the Corporations Act.

Further, as the Company's subsidiaries are incorporated in Hong Kong and have their offices in Hong Kong, the Company will need to ensure its continuous compliance with Hong Kong law.

To the extent of any inconsistency between Cayman Islands, Hong Kong and Australian law and regulations, the Company may need to make changes to its business operations, structure or policies to resolve such inconsistency. If the Company is required to make such changes, this is likely to result in additional demands on management and extra costs.

**(p) Shareholder rights**

Since the Company is incorporated and registered in the Cayman Islands, certain provisions of the Corporations Act, including in relation to takeovers and substantial holdings, do not apply to the Company. Shareholders will also need to enforce any rights they may have in the Cayman Islands which may be more expensive and time consuming than if they held shares in an Australian company. A summary of Cayman Islands company laws applicable to the Company is set out in Section 11.2.

**(q) Retention of key business relationships**

The Company may rely on strategic relationships with other entities such as joint venture and farm-in parties and will maintain positive relationships with regulatory and governmental departments. It will also rely upon third parties to provide essential contracting services.

While the Company has no reason to believe otherwise, there can be no assurance that the Company's existing relationships will continue to be maintained or that new relationships will be successfully formed and the Company could be adversely affected by changes to such relationships or difficulties in forming new ones. Any circumstance, which causes the early termination or non-renewal of one (1) or more of these key business alliances or contracts, could adversely impact the Company, its business, operating results and prospects.

**(r) Reduced Shareholder protections under Cayman Islands laws**

The material differences between Australian and Cayman Islands company law is set out in section 11.2. The rights of shareholders under Cayman Islands law is less than under Australian law. For example, Cayman Islands law does not have any provision equivalent to chapters 2E (related party transactions) or 6 (takeovers) of the Corporations Act.

**(s) Competition**

The wealth management sector is highly competitive as there are a variety of solutions available to investors.

The Directors believe the Company's offering provides a better service and functionality than alternatives currently available in the market. There is the possibility that alternative providers may improve their product offering, or saturate marketing in the target markets of the Company, negatively impacting on the growth of Phoenician. Competitors may have significant experience and resources to develop competing products which may affect the Company's financial performance and position.

The Company will compete with other companies, including major financial institutions. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. In addition, new entrants may compete for the Company's client business. There can be no assurance that the Company can compete effectively with these companies.

**(t) COVID-19**

Events related to COVID-19 have resulted in significant market volatility. There is continued uncertainty as to ongoing and future response of government authorities globally as well as a likelihood of an Australian economic downturn of unknown duration and severity. As such, the full impact of COVID-19 to consumer behaviour, suppliers, employees and Phoenician are not fully known. Given this, the impact of COVID-19 could potentially be materially adverse to Phoenician's financial performance and position. Further, any government or industry measures may adversely impact operations, and are likely beyond the control of Phoenician.

**(u) Loss of clients**

The wealth management business unit has a small but key number of clients. The loss of any one (1) or more of these clients will impact negatively on the business causing a concomitant loss of revenue.

**(v) Management of growth**

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

**(w) Cyber security**

The Company operates much of its business and stores a significant amount of proprietary information on information technology systems, including third party systems. Cyber-attacks or malicious hacking activity that breach the Company's information technology environment or any third party system on which the Company relies could lead to operational disruption or data theft including commercially sensitive information which could have a material adverse effect on the Company.

## 5.2 General Risks

### (a) Legal considerations

Statutes, regulations and government policies are subject to change from time to time, as is the interpretation of statutes and regulations and the application of policy. Such uncertainties may affect the Company's operations and accordingly, its profitability.

### (b) Uninsurable risks

It is not always possible to obtain insurance against all risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company. Initially, the Company will not maintain insurance against operational, political or environmental risks.

### (c) Price of securities

As a listed entity, the Company will be subject to the general market risk and economic conditions (both domestically and internationally) that is inherent in all securities listed on a stock or securities exchange. This may result in fluctuations in the Share price that are not explained by the fundamental activities of the Company.

The price of the Shares that are quoted on the NSX may increase or decrease due to a range of factors including those which are outside Phoenician's control. Factors that may affect the price of the Shares include:

- (1) the number of potential buyers or sellers of Shares on the NSX at any given time;
- (2) fluctuations in the domestic and international market for listed stocks;
- (3) general economic conditions, including interest rates, inflation rates, exchange rates, credit conditions, unemployment rates, negative consumer and business sentiment, an increase in interest rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation;
- (4) recommendations by brokers or analysts;
- (5) inclusion in or removal from market indices;
- (6) the nature of the markets in which Phoenician operates; and
- (7) general operational and business risks.

These factors may cause the Shares to trade at prices below the price at which the Shares are being offered under this Prospectus and may also affect Phoenician's ability to pay dividends. Further, the Shares will be listed on the NSX and priced in Australian dollars. However, Phoenician's reporting currency is Hong Kong dollars. As a result, movements in foreign exchange rates may cause the price of Phoenician's Shares to fluctuate for reasons unrelated to Phoenician's financial condition or performance and may result in discrepancy between Phoenician's actual results of operations and investors' expectations of returns on securities expressed in Australian dollars.

Phoenician is unable to forecast the market price for Shares and they may trade on the NSX at a price that is below the Offer price. There is no guarantee that the price of the Shares will increase following the quotation on the NSX, even if Phoenician's earnings increase. Any decrease in the price of the Shares may diminish Phoenician's brand reputation, and ability to raise additional capital, all of which may limit Phoenician's ability to execute its growth strategy.

In addition to the potential impact on the price of the Shares, these factors may also impact Phoenician's business, operating and financial performance, and/or growth.

**(d) Trading in Shares may not be liquid**

Once the Shares are quoted on the NSX, there can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the NSX at any time. This may increase the volatility of the market price of the Shares and may prevent investors from acquiring more Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid.

On completion of the Offer, Shares may be freely traded on the NSX. A significant sale of Shares by a major shareholder, or the perception that such sale has occurred or might occur, could affect the price of Shares.

These factors combined could affect the prevailing market price at which Shareholders are able to sell their Shares.

**(e) Acquisition and Shareholder dilution**

In the future, Phoenician may elect to issue Shares to engage in fundraisings and also to fund, or raise proceeds, for acquisitions Phoenician may decide to make, whether in Australia or other jurisdictions, or for other strategic reasons both in its current or other markets. The successful implementation of acquisitions will depend on a range of factors including funding arrangements, cultural compatibility and operational integration. To the extent that any acquisitions are not successfully integrated with Phoenician's existing business, the business, operating or financial performance of Phoenician could be adversely affected.

Shareholder interests may be diluted, and Shareholders may experience a diminution in value of their equity if Phoenician issues Shares as consideration for acquisitions, if Phoenician funds acquisitions through raising equity capital by placing Shares with new investors or if Phoenician engages in fundraisings for any other reason, including the repayment of debt.

**(f) Australian taxation**

Tax laws in Australia are complex and are subject to change periodically, as is their interpretation by the courts and the tax revenue authorities. Significant reforms and current proposals for further reforms to Australian tax laws, as well as new and evolving interpretations of existing laws, give rise to uncertainty.

The precise scope of any new or proposed tax laws is not yet known. Any change to the taxation of Shares (including the taxation of dividends) and the taxation of companies (including the existing rate of company income tax) may adversely impact on Shareholder returns, as may a change to the tax payable by Shareholders in general. Any other changes to Australian tax law, and practice that impacts Phoenician, or Phoenician's industry generally, could also have an adverse effect on Shareholder returns. Any past or future interpretation of the taxation laws by Phoenician, which is contrary to that of a revenue authority in Australia, may give rise to additional tax payable.

Additionally, Phoenician by virtue of operating in other jurisdictions and having its functional currency in Hong Kong dollars, is exposed to other jurisdiction specific taxation laws, which may prove onerous and complex. In order to minimise this risk, in areas of uncertainty, Phoenician obtains external expert advice on the application of the tax laws to its operations (as applicable). However, there is no certainty that the interpretations of tax revenue authorities will accord with that advice.

An investment in Shares involves tax considerations which differ for each Shareholder dependent on their individual financial circumstances. Each prospective investor is encouraged to seek independent financial advice about the consequences of acquiring Shares, pursuant to the Offer, from a taxation viewpoint and generally.

**(g) Escrow restrictions**

A portion of the Shares on issue will be subject to escrow restrictions in accordance with Listing Rules. This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be tradable freely for a period of time. Conversely, if the Company is successful in achieving some or all of its objectives, this relative lack of liquidity may lead to volatility in the price of the Company's securities.

**(h) Force majeure events**

Acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters may cause an adverse change in investor sentiment with respect to the Company specifically or the stock market more generally, which could have a negative impact on the value of an investment in the Shares.

**(i) Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under the Offer.

The Shares issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on NSX.

Potential investors should therefore consider an investment in the Company as speculative and should consult their professional advisers before deciding whether to apply for Shares under the Offer.

## 6. Financial Information

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### 6.1 Background

The financial information contained in this Section 6 contains historical and pro-forma financial information for Phoenician.

All information present in this Section should be read in conjunction with the balance of this Prospectus, including the Investigating Accountant's Report in Section 7 and the risk factors outlined in Section 5.

Set out below is:

- (a) the historical Consolidated Statement of Comprehensive Income of the Company for the periods ended 31 December 2021, 31 December 2020 and 31 December 2019;
- (b) the historical Consolidated Statement of Financial Position of the Company as at 31 December 2021, 31 December 2020 and 31 December 2019;
- (c) the historical Consolidated Statement of Cash Flows of the Company for the periods ended 31 December 2021, 31 December 2020 and 31 December 2019; and
- (d) the pro-forma Consolidated Statement of Financial Position of the Company as at 31 December 2021 adjusted to reflect the issue of Shares as a result of the Offer.

The Directors consider the impact of additional costs the Company will incur as a listed entity to be immaterial to the ongoing financial performance of the Company and, consequently have not included pro-forma Consolidated Statements of Comprehensive Income or pro-forma Consolidated Statements of Cash Flows.

The historical financial information for the year ended 31 December 2020 and the year ended 31 December 2019 have been subject to an annual audit by KLC Kennic Lui & Co. Ltd (Hong Kong). The Independent Auditors' Report contained no modification or emphasis of matter.

The historical financial information for the year ended 31 December 2021 has been subject to an annual audit by RSM Hong Kong. The Independent Auditor's Report contained no modification or emphasis of matter.

Investors should note that past results are not a guarantee of future performance.



## 6.2 Historical Consolidated Statement of Comprehensive Income

### Historical Consolidated Statement of Comprehensive Income of the Company for the periods indicated

	Audited Year ended 31 December 2021	Audited Year ended 31 December 2020	Audited Year ended 31 December 2019
	HK\$	HK\$	HK\$
Revenue	14,535,825	2,660,800	86,800
Other income	37	109	8,512
Other net gain	408,831,562	6,723,565	137,200
Corporate and administrative expenses	(10,874,363)	(5,140,392)	(4,642,526)
Finance costs	(3,860,825)	(2,336,528)	(1,508,722)
<b>Profit/(Loss) before income tax expense</b>	<b>408,632,236</b>	<b>1,907,554</b>	<b>(5,918,736)</b>
Income tax	–	–	–
Other comprehensive income, net of income tax	–	–	–
<b>Profit/(Loss) and total comprehensive income/(loss) for the year attributable to the company</b>	<b>408,632,236</b>	<b>1,907,554</b>	<b>(5,918,736)</b>

A breakdown of the Company's corporate and administrative expenses for the year ended 31 December 2021 is provided below:

Expense	HK\$
Bank Service Charges	16,138
Custody Fee – House	44,903
Custody Fee – Client	111,359
Commissions to Execution Brokers	91,440
Printing Stationery	1,980
Professional Fees	3,931,009
Consulting Fees	4,461,905
Audit Fees	470,000
Company Secretary Fees	46,610
HK Stock Exchange Application Fee	600,000
Tax Consulting Fees	15,000
Professional Licensing Fees	6,300
I.T. Licences	25,796
Other Service Fees	990,000
Miscellaneous	61,922
<b>Total</b>	<b>10,874,363</b>

### 6.3 Historical Consolidated Statement of Financial Position

#### Historical Consolidated Statement of Financial Position of the Company as at dates indicated

	Audited Year ended 31 December 2021	Audited Year ended 31 December 2020	Audited Year ended 31 December 2019
	HK\$	HK\$	HK\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	15,224,733	4,305,761	4,697,503
Trade and other receivables	9,048,919	259,098	–
Financial Assets	458,907,707	36,613,350	536,200
<b>TOTAL CURRENT ASSETS</b>	<b>483,181,359</b>	<b>41,178,209</b>	<b>5,233,703</b>
<b>NON-CURRENT ASSETS</b>			
<b>TOTAL NON-CURRENT ASSETS</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>TOTAL ASSETS</b>	<b>483,181,359</b>	<b>41,178,209</b>	<b>5,233,703</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10,303,762	971,416	359,366
<b>TOTAL CURRENT LIABILITIES</b>	<b>10,303,762</b>	<b>971,416</b>	<b>359,366</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	93,538,865	69,500,297	36,075,395
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>93,538,865</b>	<b>69,500,297</b>	<b>36,075,395</b>
<b>TOTAL LIABILITIES</b>	<b>103,842,627</b>	<b>70,471,713</b>	<b>36,434,761</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>379,338,732</b>	<b>(29,293,504)</b>	<b>(31,201,058)</b>
<b>EQUITY</b>			
Issued capital	78	78	78
Reserves	–	–	–
Retained profits/(Accumulated losses)	379,338,654	(29,293,582)	(31,201,136)
<b>TOTAL EQUITY</b>	<b>379,338,732</b>	<b>(29,293,504)</b>	<b>(31,201,058)</b>

A breakdown of the Company's Trade and other payable as at 31 December 2021 is provided below.

Trade or other payable	HK\$
Accruals for audit fees	596,000
Accruals for consulting fees	1,979,797
Accruals for rental fees	175,000
Payables to clients (cash in trust account)	6,352,474
Payable to clients (settlement liabilities)	1,200,491
<b>Total</b>	<b>10,303,762</b>

## 6.4 Historical Consolidated Statement of Cash Flows

### Historical Consolidated Statement of Cash Flows of the Company for the periods indicated

	Audited Year ended 31 December 2021	Audited Year ended 31 December 2020	Audited Year ended 31 December 2019
	HK\$	HK\$	HK\$
<b>Cash Flows from Operating Activities</b>			
Operating profit/(loss) before working capital changes	5,129,801	(2,517,553)	(4,193,210)
Working Capital changes, including change in financial assets at fair value through profit and loss	(20,741,083)	(28,962,672)	–
<b>Net cash used in operating activities</b>	<b>(15,611,282)</b>	<b>(31,480,225)</b>	<b>(4,193,210)</b>
<b>Cash Flows from Investing Activities</b>			
Dividend received	–	–	8,379
Interest received	37	109	133
<b>Net cash used in investing activities</b>	<b>37</b>	<b>109</b>	<b>8,512</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings	20,177,743	31,088,374	4,365,492
<b>Net cash from financing activities</b>	<b>20,177,743</b>	<b>31,088,374</b>	<b>4,365,492</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,566,498</b>	<b>(391,742)</b>	<b>180,794</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>4,305,761</b>	<b>4,697,503</b>	<b>4,516,709</b>
<b>Cash and cash equivalents at end of the period</b>	<b>8,872,259</b>	<b>4,305,761</b>	<b>4,697,503</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
<b>Bank and cash balances</b>	<b>15,224,733</b>	<b>4,305,761</b>	<b>4,697,503</b>
<b>Less: Client trust money</b>	<b>(6,352,474)</b>	<b>–</b>	<b>–</b>
	<b>8,872,259</b>	<b>4,305,761</b>	<b>4,697,503</b>

**6.5 Historical Pro-Forma Consolidated Statement of Financial Position of the Company at 31 December 2021 Adjusted to Reflect the Offer**

		Consolidated	Post Offer	Pro-forma Adjustments
		Actual	Pro-forma Consolidated	
		Audited	Unaudited	
	Notes	31 December 2021	31 December 2021	
		HK\$	HK\$	
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	1	15,224,733	39,556,035	24,331,302
Trade and other receivables		9,048,919	9,048,919	
Financial Assets		458,907,707	458,907,707	
<b>TOTAL CURRENT ASSETS</b>		<b>483,181,359</b>	<b>507,512,661</b>	
<b>NON-CURRENT ASSETS</b>				
		–	–	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>–</b>	<b>–</b>	
<b>TOTAL ASSETS</b>		<b>483,181,359</b>	<b>507,512,661</b>	
<b>CURRENT LIABILITIES</b>				
Trade and other payables		10,303,762	10,303,762	
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,303,762</b>	<b>10,303,762</b>	
<b>NON-CURRENT LIABILITIES</b>				
Borrowings		93,538,865	93,538,865	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>93,538,865</b>	<b>93,538,865</b>	
<b>TOTAL LIABILITIES</b>		<b>103,842,627</b>	<b>103,842,627</b>	
<b>NET ASSETS/ (LIABILITIES)</b>		<b>379,338,732</b>	<b>403,670,034</b>	
<b>EQUITY</b>				
Issued capital	1	78	27,234,578	27,234,500
Reserves		–	–	
Retained profits/ (Accumulated losses)	1	379,338,654	376,435,456	(2,903,198)
<b>TOTAL EQUITY</b>		<b>379,338,732</b>	<b>403,670,034</b>	

**Notes:**

- Raising AU\$5,000,000 (HK\$27,234,500, increase in issued capital) on the NSX, with costs of the Offer being AU\$533,000 (HK\$2,903,198, charged to pro-forma retained profits). Exchange rate assumption AU\$/HK\$5.4469. Net cash raised AU\$4,467,000 (HK\$24,331,302).

The following table shows the Historical Pro-Forma Consolidated Statement of Financial Position of the Company at 31 December 2021 adjusted to reflect the Offer converted to Australian Dollars using the HK\$/AU\$ exchange rate of 5.4469 as at 27 July 2022, sourced from the Reserve Bank of Australia.

		<b>Consolidated</b>	<b>Post Offer</b>	<b>Pro-forma Adjustments</b>
		<b>Actual</b>	<b>Pro-forma Consolidated</b>	
		<b>Audited</b>	<b>Unaudited</b>	
	<b>Notes</b>	<b>31 December 2021</b>	<b>31 December 2021</b>	
		<b>AU\$</b>	<b>AU\$</b>	
<b>CURRENT ASSETS</b>	1			
Cash and cash equivalents	1	2,795,119	7,262,119	4,467,000
Trade and other receivables		1,661,297	1,661,297	
Financial Assets		84,251,172	84,251,172	
<b>TOTAL CURRENT ASSETS</b>		<b>88,707,588</b>	<b>93,174,588</b>	
<b>NON-CURRENT ASSETS</b>		<b>-</b>	<b>-</b>	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>-</b>	
<b>TOTAL ASSETS</b>		<b>88,707,588</b>	<b>93,174,588</b>	
<b>CURRENT LIABILITIES</b>				
Trade and other payables		1,891,675	1,891,675	
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,891,675</b>	<b>1,891,675</b>	
<b>NON-CURRENT LIABILITIES</b>				
Borrowings		17,172,863	17,172,863	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>17,172,863</b>	<b>17,172,863</b>	
<b>TOTAL LIABILITIES</b>		<b>19,064,537</b>	<b>19,064,537</b>	
<b>NET ASSETS/ (LIABILITIES)</b>		<b>69,643,051</b>	<b>74,110,051</b>	
<b>EQUITY</b>				
Issued capital	1	14	5,000,014	5,000,000
Reserves		-	-	
Retained profits/ (Accumulated losses)	1	69,643,036	69,110,036	(533,000)
<b>TOTAL EQUITY</b>		<b>69,643,051</b>	<b>74,110,051</b>	

**Notes:**

1. Raising AU\$5,000,000 (HK\$27,234,500, increase in issued capital) on the NSX, with costs of the Offer being AU\$533,000 (HK\$2,903,198, charged to pro-forma retained profits). Exchange rate assumption AU\$/HK\$5.4469. Net cash raised AU\$4,467,000 (HK\$24,331,302).

## Assumptions Applied in Preparing the Pro-forma Financial Information

The pro-forma financial information has been included for information purposes to reflect the position of the Company on the assumption that the Offer had occurred as at 31 December 2021.

In accordance with the Offer Subscription as detailed in this Prospectus, the Company will allot and issue 5,000,000 Shares to raise AU\$5,000,000 at an issue price of AU\$1.00 per Share.

The estimated costs of the Offer, including due diligence costs, are AU\$533,000 (HK\$2,903,198).

## Material Items in the Financial Information

### (a) Financial assets

The carrying amounts of the above financial assets are mandatorily measured at fair value through profit or loss (**FVTPL**) in accordance with IFRS 9.

Included in the financial assets at FVTPL was an investment with carrying value of HK\$458,770,916 (2020: HK\$36,383,883, 2019: HK\$0) in Pyx Resources Limited (NSX:PYX; LSE:PYX), a company that is dual listed on the NSX and the London Stock Exchange (**LSE**) (the **Pyx Shares**). As at 31 December 2021, the Group held a 14.58% (2020: 3.28%, 2019: 0%) interest in this listed company.

Pyx Resources Limited is a global producer of premium zircon and is the second largest zircon producing mining company globally in terms of JORC compliant zircon mineral resources, with 263 MM tonnes of JORC compliant resources and 10.5 MM tonnes of contained zircon. Pyx Resources Limited's key tenements are located in Central Kalimantan, Indonesia. The investment offers the Group the opportunity for return through dividend income and fair value gains.

The fair values of the Pyx Shares are based on 31 December 2021 bid prices on the LSE, on the basis that the Directors considered LSE to be the principal market of trading of these listed securities.

The above-mentioned position in the listed company's shares represent 99.97% of the carrying amount of the Group's financial assets as at 31 December 2021 (31 December 2020: 99.37%, 31 December 2019: 0%). The fair value of the Pyx Shares has decreased since 31 December 2021 and their carrying value was approximately HK\$418,936,368 at 30 June 2022 (exchange rate GBP/HK\$ 9.556) and approximately HK\$317,201,317 as at 28 July 2022 (exchange rate GBP/HK\$ 9.5562).

The Company believes the intrinsic valuation of the Pyx Shares to be significantly higher than the current market price. This provides the Company an opportunity for a significant return on the investment, compensating the risk deriving from the current lack of investment diversification in the Company's own investment portfolio.

The Company's assessment of the Pyx Shares intrinsic valuation is based on two methodologies: a) discounted cash flow and b) comparable multiples based on JORC compliant mineral sand resources. The Company assessment is the result of a purely internal valuation exercise. No independent valuer has been engaged to provide a valuation of the Pyx Shares. In addition, according to Bloomberg Analyst consensus as of 8 August 2022, the company has a consensus rating of 100% Buy, with target price in the range of GBP164.61-185.00, compared to a current market price of GBP58.00 as of 8 August 2022.

Intrinsic valuation of existing investments and portfolio diversification opportunities are reviewed on a regular basis by the Company's management team and might result in further acquisition or disposal of financial assets, including the Pyx Shares.

The fair values of the other listed securities held by the Company are based on 31 December 2021 bid prices in the exchange in which the securities are listed. This includes 1,100,000 shares in Food Revolution Group Limited (ASX:FOD).

The Group is exposed to equity price risk mainly through its investment in equity securities. The Group's equity price risk is mainly concentrated on equity securities quoted on the LSE, NSX and Australian Securities Exchange as noted above.

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 10% higher/lower (2020: 10% higher/lower, 2019: 10% higher/lower), profit after tax for the year ended 31 December 2021 would increase/decrease by approximately HK\$45,891,000 (2020: increase/decrease by HK\$3,661,000, 2019: increase/decrease by HK\$54,000). This is mainly due to the changes in fair value of held-for-trading investments.

The Company is constantly assessing the intrinsic valuation of its existing financial assets in order to decide on possible disposals. At the same time, the Company is constantly looking to add financial assets to its current portfolio provided they meet the criteria illustrated in section 3.5(b).

(b) Unsecured loan

On 1 May 2016, the Company entered into a loan agreement with Unico Holdings Limited, a company incorporated under the laws of Hong Kong with company number 2354825 (**Lender**), pursuant to which, the Lender agreed to grant the Company a loan of up to HK\$150,000,000 in order to fund and support the operations of the Company and its subsidiaries (**Loan**). On 28 February 2020, the Company entered into a supplementary agreement with the Lender to extend the repayment date of the Loan.

The Loan is unsecured, interest-bearing at the rate of 4.7% per annum and is repayable on or before 31 December 2024. The loan is denominated in Hong Kong dollars.

As of 31 December 2021, the entire amount of the item Borrowing (HK\$93,538,865) was related to the amount due to the Lender. During the year ended 31 December 2021, the Group paid interest of HK\$3,860,825 (2020: HK\$2,336,528, 2019 HK\$1,508,722) to the Lender and the total amount outstanding under the Loan is approximately HK\$87,887,167 as at 27 July 2022.

The Lender is a non-controlling Shareholder of the Company with a 4.80% relevant interest in the Company prior to the Offer (which will reduce to 4.57% after completion of the Offer). The Loan is on arm's length terms.

(c) Other Net Gain

The Company recorded Other Net Gain in 2021 of HK\$408,831,562 (2020: HK\$6,723,565, 2019: HK\$137,200).

The item Other Net Gain in 2021 was composed as follow:

- (1) a gain on the disposal of the Company's privately owned subsidiary Phoenix Management Limited of HK\$499,033,669, which was divested by the Company to Tisma (HK) Limited on 23 November 2021 in return for 51,638,685 shares in Pyx Resources Limited (a stake representing 12.01% of Pyx Resources Limited's shareholding at that time of the transaction), which added to the pre-existing shares held by the Company in Pyx Resources Limited and resulted in the Company holding a 14.58% shareholding in Pyx Resources Limited as at 31 December 2021.

Tisma (HK) Limited was one of the founding shareholders of Tisma Development (HK) Limited, which controls mining and concession rights on the Tisma mineral sand deposit in Central Kalimantan, Indonesia. Tisma (HK) Limited became a substantial shareholder of Pyx Resources Limited on 16 February 2021, when Pyx Resources Limited completed its acquisition of Tisma Development (HK) Limited.

- (2) net foreign exchange losses for HK\$1,468,339; and
- (3) fair value losses on investments of HK\$91,670,446.

The fair value losses included fair value losses on shares in Pyx Resources Limited (HK\$91,660,074) and fair value losses on other listed securities (HK\$10,372).

The Other Net Gain obtained in 2021 is the result of a limited set of transactions related to an extremely concentrated investment portfolio and should not be taken as an indication of future performance of the Company's capital gain and losses in the future.

## Management Discussion and Analysis

In the two (2) reporting periods, the Group operated through three (3) reportable operating business units: (a) wealth management; (b) investment management; and (c) investment banking.

On a consolidated basis, the Group achieved a significant positive operating profit of HK\$409 million for the year ended 31 December 2021, up substantially from HK\$1.9 million for the year ended 31 December 2020 and a loss of HK\$5.9 million in 2019.

The following table sets forth a breakdown of operating profit by reporting segment for the years indicated:

	For the Year Ended 31 December		
	2021	2020	2019
	HK\$'000	HK\$'000	HK\$'000
<b>Operating Profit</b>			
<b>Business Segments</b>			
Wealth Management	27,755	4,371	(3,136)
Investment Management	390,622	(2,343)	(2,783)
Investment Banking	(9,745)	(120)	–
<b>Total Operating Profit</b>	<b>408,632</b>	<b>1,908</b>	<b>(5,919)</b>



The following table sets forth a breakdown of revenues by reporting segment for the years indicated:

	For the Year Ended 31 December		
Revenue	2021	2020	2019
	HK\$'000	HK\$'000	HK\$'000
<b>Business Segments</b>			
Wealth Management	40	40	40
Investment Management	47	47	47
Investment Banking	14,449	2,574	–
<b>Total Revenue</b>	<b>14,536</b>	<b>2,661</b>	<b>87</b>

The following table sets forth a breakdown of net investment gains by reporting segment for the years indicated:

	For the Year Ended 31 December		
Net Investment Gain	2021	2020	2019
	HK\$'000	HK\$'000	HK\$'000
<b>Business Segments</b>			
Wealth Management	30,577	6,724	146
Investment Management	393,068	–	–
Investment Banking	(14,814)	–	–
<b>Total Net Investment Gain</b>	<b>408,831</b>	<b>6,724</b>	<b>146</b>

The following table sets forth a breakdown of operating expenses by reporting segment for the years indicated:

	For the Year Ended 31 December		
Operating Expenses	2021	2020	2019
	HK\$'000	HK\$'000	HK\$'000
<b>Business Segments</b>			
Wealth Management	(2,862)	(2,393)	(3,322)
Investment Management	(2,493)	(2,390)	(2,830)
Investment Banking	(9,380)	(2,694)	–
<b>Total Operating Expenses</b>	<b>(14,735)</b>	<b>(7,477)</b>	<b>(6,152)</b>

(a) Segment revenue and net investment gains

The wealth management business unit recorded an outstanding performance for the year ended 31 December 2021 with a total net investment gain of HK\$30.6 million up from HK\$6.7 million in the previous year and HK\$0.1 million in the year ended 31 December 2019, primarily due to the increase in fair value gain on financial assets classified as held-for-trading based on financial test, as a result of share price increase of the underlying securities held in the investment portfolio.

The investment management business unit concluded a year of rapid growth and recorded a total net investment gain of HK\$393 million for the year ended 31 December 2021 (2020: HK\$0, 2019: HK\$0). This increase was primarily due to a gain on disposal of a private equity investment, offset by fair value loss of financial assets classified as held-for-trading based on financial test as a result of share price decrease of the underlying securities held in the investment portfolio. The net investment gains from the investment management business mainly represents the investment income from the investments of its own proprietary funds. In particular, the gain on disposal obtained in 2021 is the result of a one-off transaction related to an extremely concentrated investment portfolio and should not be taken as an indication of future performance of the Company's capital gain and losses in the future.

The Company's investment banking business unit recorded a strong performance for the year ended 31 December 2021 with a total revenue of HK\$14.5 million, up from HK\$2.6 million in the previous year (2019: HK\$0). This increase was primarily due to (i) an increase in advisory fee income from equity market advisory and capital raising services, (ii) advisory fees from private placement, and (iii) commission fee income from stock trading. The unit recorded a net investment loss of HK\$14.8 million for the year ending 31 December 2021 (2020: HK\$0, 2019: HK\$0) due to the fair value losses on financial assets classified as held-for-trading based on financial test as a result of share price decrease of the underlying securities held in the investment portfolio.

(b) Segment operating expenses

Operating expenses for the wealth management business unit increased from HK\$2.4 million for the year ended 31 December 2020 to HK\$2.9 million for the year ended 31 December 2021, as a result of increased interest expenses. For the year ended 31 December 2019 operating expenses for the wealth management business unit were HK\$3.3 million, due to higher personnel costs.

For the investment management business unit, Phoenician also recorded higher operating expenses from HK\$2.4 million for the year ended 31 December 2020 to HK\$2.5 million for the year ended 31 December 2021 due to increased administrative expenses. For the year ended 31 December 2019, operating expenses for the investment management business unit were HK\$2.8 million, due to higher administrative costs.

For the investment banking business unit, operating expenses increased from HK\$2.7 million in the year ended 31 December 2020 to HK\$9.4 million for the year ended 31 December 2021, in line with the corresponding large increase in investment banking business unit revenue incomes as a result of organic business growth (2019: HK\$0).

(c) Segment operating profit

The wealth management business unit recorded a significant gain of HK\$28 million for the year ended 31 December 2021, up by almost 6 times from HK\$4.4 million for the year ended 31 December 2020 (2019: HK\$3.1 million operating loss).

There was an even more significant improvement in operating profit for the investment management business unit which recorded for the year ended 31 December 2021, HK\$390.6 million in profit, up from a net loss of HK\$2.3 million for the year ended 31 December 2020 (2019: HK\$2.8 million operating loss).

For the investment banking business unit, operating profit turned negative for HK\$9.7 million, due to investment losses, offsetting a strong performance in terms of revenues (2020: HK\$0.1 million, 2019: HK\$0).

Each of the three business units has unique characteristics and faces different risks. As a result, identified below are the different drivers for each of the three business units.

For the wealth management and investment management business units, the key business driver is the AuM metric, which is the aggregate amount of net asset value of securities and investment products for which Phoenician has provided discretionary investment management services to its clients as financial advisor or as investment manager.

For the Company's investment banking business unit, the key business driver is the AuC metric, which is the total value of all financial assets which it holds on behalf of its clients as broker/custodian.

The following table sets forth the key metrics of the Company's business units activities as of the dates indicated:

	As at 31 December		
	2021	2020	2019
	HK\$'000	HK\$'000	HK\$'000
<b>Key Metrics</b>			
Wealth Management (AuM)	–	–	–
Investment Management (AuM)	15,500	15,500	15,500
Investment Banking (AuC)	784,000	–	–

As at 31 December 2021, Phoenician had approximately HK\$784 million of AuC for its investment banking business (2020: HK\$0, 2019: HK\$0) and HK\$15.5 million of AuM within its wealth management and investment management business units combined (2020: HK\$15.5 million, 2019: HK\$15.5 million), excluding financial assets held by its subsidiary Phoenician Securities, which are not included in the AuM and AuC calculation.

	As at 31 December		
	2021	2020	2019
	HK\$'000	HK\$'000	HK\$'000
<b>Held for trading investments (Total)</b>	<b>458,908</b>	<b>36,613</b>	<b>536</b>
Wealth Management	80,642	36,613	536
Investment Management	268,387	–	–
Investment Banking	109,879	–	–

As of 31 December 2021, Phoenician held for trading investments under the wealth management, investment management and investment banking business units amounted to an aggregate amount of HK\$458.9 million measured at fair value, which increased substantially as compared to the amount held as at 31 December 2020 (HK\$36.6 million) and 31 December 2019 (HK\$0.5 million).

### **Basis of Preparation**

The financial information has been prepared in accordance with applicable International Financial Reporting Standards (**IFRSs**) issued by the International Accounting Standards Board. IFRSs comprise International Financial Reporting Standards (**IFRS**); International Accounting Standards; and Interpretations. Significant accounting policies adopted by the Group are disclosed below.

The financial information is presented in Hong Kong dollars, unless otherwise noted. The functional currency of each entity within the pro-forma consolidated group is measured using the currency of the primary economic environment in which that entity operates. The pro-forma financial information is presented in Hong Kong dollars which is the functional currency of the operating entity. The presentation currency for the consolidated group will be HK\$.

The financial information has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

No adjustments have been made to the Company's financial information relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Company not continue as a going concern. Accordingly, the financial information has been prepared on a going concern basis.

The financial information does not include any adjustments in relation to the recoverability or classification of recorded assets or liabilities that might be necessary should the Company not be able to continue as a going concern.

The significant accounting policies set out below have been applied in the preparation and presentation of the financial information presented in this Section.

### **6.6 Summary of Significant Accounting Policies**

The following significant accounting policies, which are consistent with the recognition and measurement requirements of IFRSs and interpretations, have been applied in the preparation and presentation of the financial information presented in this Section 6 of this Prospectus.

The financial information has been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The financial information includes the financial information of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Foreign currency translation

(1) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the **functional currency**). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

(2) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

(c) Property, plant and equipment

Property, plant and equipment held for use in the supply of services, or for administrative purposes are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rate is as follows:

Leasehold improvements	Over the term of the lease
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The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(d) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(1) Equity investments

An investment in equity securities is classified as FVTPL. Dividends from an investment in equity securities are recognised in profit or loss as other income.

(f) Trade, client and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three (3) months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL).

(h) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(j) Client and other payables

Client and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(k) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(l) Revenue and other income

Revenue is recognised when service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Commission fees income and placement fees income are recognised at the point in time when the services are transferred to the customer.

Corporate advisory fees income, investment advisory fees income and investment management fees income are recognised over time as the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit impaired, the effective interest rate is applied to the gross carrying amount of the asset.

(m) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and 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.

(o) Impairment of financial assets

The Group recognises a loss allowance for ECL on trade and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(1) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- (A) an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- (B) significant deterioration in external market indicators of credit risk for a particular financial instrument;
- (C) existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- (D) an actual or expected significant deterioration in the operating results of the debtor;
- (E) significant increases in credit risk on other financial instruments of the same debtor; and
- (F) an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (A) the financial instrument has a low risk of default;
- (B) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

- (C) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of “investment grade” in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

## (2) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- (A) when there is a breach of financial covenants by the counterparty; or
- (B) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

## (3) Credit-impaired financial assets

A financial asset is credit-impaired when one (1) or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (A) significant financial difficulty of the issuer or the counterparty;
- (B) a breach of contract, such as a default or past due event;
- (C) the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty’s financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- (D) it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- (E) the disappearance of an active market for that financial asset because of financial difficulties.

(4) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(5) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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 is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one (1) or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(q) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.



12 August 2022

The Board of Directors  
Phoenician International Limited  
2nd Floor, Harbour Place  
103 South Church Street  
George Town, Grand Cayman KY1-1106,  
Cayman Islands

**RSM Corporate Australia Pty Ltd**  
Level 21, 55 Collins Street Melbourne VIC 3000  
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Dear Directors

## INVESTIGATING ACCOUNTANT'S REPORT

### Independent Limited Assurance Report on Phoenician International Limited's statutory historical financial information and pro forma historical financial information

We have been engaged by Phoenician International Limited ("**the Company**") (formerly Phoenician Group Limited) to report on certain statutory historical financial information and pro forma financial information for inclusion in a Replacement Prospectus dated on or about 12 August 2022.

The Replacement Prospectus relates to the Company's proposed offer of 5 million Shares in the Company at an issue price of AU\$1.00 per Share ("**the Offer**") to raise AU\$5.0 million, before costs of the Offer and listing of the Shares in the Company on the National Stock Exchange of Australia.

Expressions and terms defined in the Replacement Prospectus have the same meaning in this report.

### Scope

#### *Statutory Historical Financial Information*

You have requested RSM Corporate Australia Pty Ltd ("**RSM**") to review the statutory historical financial information of the Company included in Section 6 of the Replacement Prospectus, comprising:

- the Company's statutory historical consolidated statements of comprehensive income for the years ended 31 December 2021, 31 December 2020 and 31 December 2019;
- the Company's statutory historical consolidated statements of financial position as at 31 December 2021, 31 December 2020 and 31 December 2019; and
- the Company's statutory historical consolidated statements of cash flows for the years ended 31 December 2021, 31 December 2020 and 31 December 2019,

collectively "**the Statutory Historical Financial Information**".

### THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847



The Statutory Historical Financial Information of the Company for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 has been derived from the Company's consolidated financial statements for the respective years.

The consolidated financial statements of the Company for the years ended 31 December 2020 and 31 December 2019 were audited by KLC Kennic Lui & Co. Ltd (Hong Kong) in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. KLC Kennic Lui & Co. Ltd has issued unqualified audit opinions on these financial statements.

The consolidated financial statements of the Company for the year ended 31 December 2021 were audited by RSM Hong Kong in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. RSM Hong Kong has issued unqualified audit opinions on these financial statements.

The Statutory Historical Financial Information of the Company has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in International Financial Reporting Standards and the Company's adopted accounting policies.

The Statutory Historical Financial Information is presented in the Replacement Prospectus in an abbreviated form, insofar as it does not include all the presentation and disclosures required by International Financial Reporting Standards.

#### *Pro Forma Historical Financial Information*

You have requested RSM to review the pro forma historical financial information included in Section 6 of the Replacement Prospectus and comprising:

- the Company's pro forma historical consolidated statement of financial position as at 31 December 2021; and
- the pro forma adjustments as described in Section 6 of the Replacement Prospectus,

collectively referred to as "the Pro Forma Historical Financial Information".

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company, adjusted for the transactions/adjustments summarised in Section 6 of the Replacement Prospectus. The stated basis of preparation is the recognition and measurement requirements of International Financial Reporting Standards and The Company's adopted accounting policies applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 6 of the Replacement Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information is presented in the Replacement Prospectus in an abbreviated form, insofar as it does not include all the presentation and disclosures required by International Financial Reporting Standards.

**Directors' responsibility**

The directors of the Company are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information; and
- the preparation and presentation of the Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information.

This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Statutory Historical Financial Information and the Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

**Our responsibility**

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

We made such enquiries, primarily of persons responsible for financial and accounting matters, and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a consistency check of the application of the stated basis of preparation, to the Statutory Historical Financial Information and Pro Forma Historical Financial Information;
- a review of the Company's work papers, accounting records and other supporting documents;
- enquiry of directors, management personnel and advisors; and
- the performance of analytical procedures applied to the Statutory Historical Financial Information and Pro Forma Historical Financial Information.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable 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.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as source of the financial information.

## **Conclusions**

### *Historical Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Company, as described in Section 6 of the Replacement Prospectus, and comprising:

- the Company's statutory historical consolidated statements of comprehensive income for the years ended 31 December 2021, 31 December 2020 and 31 December 2019;
- the Company's statutory historical consolidated statements of financial position as at 31 December 2021, 31 December 2020 and 31 December 2019; and
- the Company's statutory historical consolidated statements of cash flows for the years ended 31 December 2021, 31 December 2020 and 31 December 2019,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 6 of the Replacement Prospectus.

### *Pro Forma Historical Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in Section 6 of the Replacement Prospectus, and comprising:

- the Company's pro forma historical consolidated statement of financial position as at 31 December 2021; and
- the pro forma adjustments as described in Section 6 of the Replacement Prospectus,

is not presented fairly in all material aspects, in accordance with the stated basis of preparation, as described in Section 6 of the Replacement Prospectus.

## **Restriction on Use**

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Replacement Prospectus. As a result, the financial information may not be suitable for use for another purpose.

## **Consent**

RSM Corporate Australia Pty Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.





**Declaration of Interest**

RSM Corporate Australia Pty Ltd does not have any interest in the outcome of this transaction other than the preparation of this report for which normal professional fees will be received.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'A. Clifford'.

**RSM CORPORATE AUSTRALIA PTY LTD**

**Andrew Clifford  
Director**

## 8. Directors and Management

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### 8.1 Board of Directors and Management

The Directors and management team bring relevant experience and skills to the Board, including industry and business knowledge, financial management and corporate governance experience.

#### (a) Kwan Chan (Executive Chair)

Mr Chan, Executive Director of Phoenician, has more than 15 years of experience in the financial service industry.

Mr Chan joined Phoenician in 2012 as the Finance Director, and since his appointment has taken charge of the Group treasury operations and has led all the financial reporting activities. In 2020, Mr Chan was promoted to the role of Executive Director, in charge of implementing the Company's founder strategic vision and growth plans, handling relationship with Shareholders and overall business leadership across the business units. Under the leadership of Mr Chan, the Company has substantially developed its private equity investment business.

Prior to joining Phoenician, Mr Chan was a Senior Accountant at North China Shipping Holdings, where he was responsible for the group finance and accounting function. Mr Chan started his career at Intertrust HK Ltd as a consultant in their Corporate Client Services.

Mr Chan holds a Bachelor of Business Administration (Finance) degree from City University of Hong Kong.

#### (b) Yiu Man Lo (Independent Non-Executive Director)

Mr Lo, Non-Executive Director of Phoenician, has more than 20 years of experience in the financial service industry.

Up to November 2021, Mr Lo was the Senior Finance Manager at uSmart Securities Limited, a large retail focused securities firm in Hong Kong.

Previously Mr Lo held various senior positions at various financial services firms in Hong Kong, including CMBC Capital Holding Limited, Core Pacific Yamaichi International, China Securities (International) Finance Holdings, Bank of China International, Standard Chartered Bank and East Asia (Securities) Company, a subsidiary of Bank of East Asia.

Mr Lo holds a Bachelor of Science (Honours) in Applied Mathematics from the Hong Kong Polytechnic University, a Master of Science in Mathematics for Finance and Actuarial Sciences from the City University of Hong Kong and a Master in Corporate Governance from the Hong Kong Polytechnic University and is a Qualified CPA in Australia.

#### (c) James Stephen Barrie (Independent Non-Executive Director and Company Secretary)

Mr Barrie, Non-Executive Director and Company Secretary of Phoenician, has more than 20 years of professional experience in a wide range of executive and board roles across multiple industries.

Mr Barrie is currently a Non-Executive Director and Company Secretary for A2A GN Ltd (NSX:A2A) and West Coast Aquaculture Group Limited (SSX:833), the Company Secretary for TTA Holdings Ltd (ASX:TTA), Boadicea Resources Ltd (ASX:BOA) and Jupiter Energy Ltd (ASX:JPR), along with being a director and/or Company Secretary for several unlisted companies.

Mr Barrie is also the founder of Fernville Group, which provides professional advisory services to pre-IPO and small-cap listed companies seeking to list on Australian exchanges.

Mr Barrie is a graduate of the Australian Institute of Company Directors, and holds a Bachelor of Business from the Queensland University of Technology and a Diploma of Investor Relations from the Australian Investor Relations Association.

**(d) Marco Arosti (Chief Executive Officer)**

Mr Arosti, Chief Executive Officer, has more than 20 years of international banking experience.

Mr Arosti joined Phoenician in 2016, in charge of investment banking advisory implementing the Company's founder strategic vision and growth plans and overall oversight of the Company's Hong Kong regulated activities of the Company's subsidiaries.

Prior to joining Phoenician, Mr Arosti was managing director at Daiwa Capital Markets in Hong Kong, leading the firm in delivering investment banking solutions and executing equity investments across the Asia Pacific region, with special focus on metals and mining and advanced manufacturing.

Prior to joining Daiwa, Mr Arosti held senior roles at Morgan Stanley in London and Hong Kong, he led Morgan Stanley's General Industries franchise.

Mr Arosti has also previously held various positions at JP Morgan in London, where he worked on over 20 investment banking transactions across continental Europe and the United Kingdom.

Mr Arosti holds an MBA from London Business School and a B.A. Economics from the University of Ancona (cum laude).

He is a member of the Institute of Chartered Accountant in England and Wales and holds a Responsible Officer licence issued by the Securities and Futures Commission of Hong Kong in relation to dealing in securities, advising on securities, advising on corporate finance and asset management.

**8.2 Interests of Directors**

As at the date of this Prospectus, the Directors and their associates have interests in the following securities in the Company:

Director	Shares Held		Options Held	
	Directly	Indirectly	Directly	Indirectly
Mr Kwan Chan	–	–	–	–
Mr Yiu Man Lo	–	–	–	–
Mr James Stephen Barrie	–	–	–	–

No Director (other than Mr Barrie) intends to participate in the Offer and as such the table above which shows interests in the Company's securities held by the Directors and their related entities as at the date of this Prospectus are not expected to change as a result of the Offer (except in relation to Mr Barrie who will apply for 2,000 Shares under the Offer, equating to a 0.002% interest in the Company following completion of the Offer).

Other than as set out below or elsewhere in this Prospectus, no:

- (a) Director or Proposed Director of the Company;
- (b) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (c) promoter of the Company,

has, or had within two (2) years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or proportion or in connection with the Offer; or
- (c) the Offer,

and no amounts (whether in cash, Shares or otherwise) have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director or expert of the Company or otherwise for services rendered by them in connection with the formation or promotion of the Company or the Offer.

### **8.3 Directors' and Key Management's Remuneration**

#### **(a) Kwan Chan (Executive Chair)**

The Company has entered into an agreement with Mr Chan for the purposes of discharging his role as Executive Chair. This agreement is summarised in Section 10.1. Under the agreement, Mr Chan is entitled to a base remuneration of HK\$960,000 (AU\$176,247) per annum (including employer contributions required to be paid in accordance with the Mandatory Provident Fund Schemes Ordinance (chapter 485 of the Laws of Hong Kong)).

Mr Chan is entitled to participate in the Company's Incentive Plan, a summary of which is included at Section 8.6 of this Prospectus.

#### **(b) Yiu Man Lo (Non-Executive Director)**

On 22 April 2022, Mr Lo entered into an agreement with the Company confirming his appointment as Non-Executive Director of the Company. The agreement is in standard form and details the nature of Mr Lo's appointment, his duties and his remuneration.

Mr Lo is entitled to receive a total annual fee of AU\$20,000 paid quarterly in arrears. This fee covers all duties Mr Lo may be required to perform, Mr Lo is also entitled to be paid expenses properly and reasonably incurred in performing duties as Director.

Mr Lo is entitled to participate in the Company's Incentive Plan, a summary of which is included at Section 8.6 of this Prospectus.

**(c) James Stephen Barrie (Non-Executive Director and Company Secretary)**

On 15 July 2022, Mr Barrie entered into an agreement with the Company confirming his appointment as Non-Executive Director and a services agreement confirming his appointment as Company Secretary of the Company. Both agreements are in standard form and detail the nature of Mr Barrie's appointments, his duties and his remuneration.

Mr Barrie is entitled to receive a total annual fee of AU\$20,000 paid quarterly in arrears for his role as Non-Executive Director. This fee covers all duties Mr Barrie may be required to perform, Mr Barrie is also entitled to be paid expenses properly and reasonably incurred in performing duties as Director.

Mr Barrie is entitled to receive a total annual fee of AU\$5,000 (AU\$10,000 starting from the first anniversary of his appointment as Company Secretary), paid monthly in arrears for his role as Company Secretary. This fee covers all duties Mr Barrie may be required to perform. Services provided out of scope of duties are to be charged at AU\$175 per hour (excluding GST).

Mr Barrie is entitled to participate in the Company's Incentive Plan, a summary of which is included at Section 8.6 of this Prospectus.

**(d) Marco Arosti (Chief Executive Officer)**

The Company has entered into an agreement with Mr Arosti, for the purposes of discharging his role as Chief Executive Officer. Under this agreement, Mr Arosti is entitled to a base remuneration of US\$325,000 per annum (including employer contributions required to be paid in accordance with the Mandatory Provident Fund Schemes Ordinance (chapter 485 of the Laws of Hong Kong)).

Mr Arosti is entitled to participate in the Company's Incentive Plan, a summary of which is included at Section 8.6 of this Prospectus.

## **8.4 Directors' Fees**

The Constitution of the Company provides that the Non-Executive Directors are entitled to remuneration as determined by the Directors. The aggregate fees will be apportioned among the Directors in such manner as the Directors agree and, in default of agreement, equally. Additionally, Non-Executive Directors will be entitled to be reimbursed for properly incurred expenses.

The remuneration of an Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

The proposed annual remuneration of each Director for the financial year following the Company being listed on the NSX, is set out in the table below:

<b>Director</b>	<b>Remuneration</b>	<b>Description of Services</b>
Kwan Chan	HK\$960,000/annum (AU\$176,247) <sup>1</sup>	Executive Director and Chair
Yiu Man Lo	AU\$20,000/annum	Non-Executive Director
James Stephen Barrie <sup>2</sup>	AU\$20,000/annum	Non-Executive Director

**Notes:**

1. Exchange Rate HK\$ to AU\$ is 5.4469 as at 27 July 2022, sourced from the Reserve Bank of Australia.
2. Mr Barrie will also be paid AU\$5,000/annum (AU\$10,000 starting from the first anniversary of his appointment) for his role as Company Secretary.

## **8.5 Deeds of Indemnity, Insurance and Access for Directors**

The Company has entered into a deed of indemnity, insurance and access with each of the Directors pursuant to which the Company agrees, subject to standard exceptions, to provide indemnification against all losses and liabilities incurred by the Director as an officer of the Company. The deed of indemnity, insurance and access also contains the Director's rights to board papers.

At present, there is no pending litigation or proceeding involving a Director or officer for which indemnification is sought, nor is the Company aware of any threatened litigation that may result in claims for indemnification.

The Company is currently sourcing an appropriate insurance policy that will indemnify its Directors and officers against liabilities that might be incurred by any Director or officer in his or her capacity as such and expects to finalise the policy on or shortly after Listing.

## **8.6 Employee Incentive Plan**

On 22 April 2022, the Company adopted a new employee incentive plan (**Incentive Plan**) to assist in the motivation, retention reward of senior executives and other employees that may be invited to participate in the Incentive Plan from time to time. The Incentive Plan intends to align employees' interest with those of the Company's Shareholders by providing an opportunity for employees to receive an equity interest in the Company and retain certain employees, consultants and Directors of the Company and to attract future talent.

The Incentive Plan provides flexibility for the Company to grant Options or Performance Rights as incentives, subject to the terms of individual offers and the satisfaction of performance and vesting conditions determined by the Board from time to time.

A summary of the key terms of the Incentive Plan are as follows (capitalised terms in this Section have the meaning given to them in the Incentive Plan):

(a) **Offers to Eligible Participants**

The Board may, from time to time, in its absolute discretion make a written offer to any Eligible Participant (including an eligible participant who has previously received an offer) to apply for Awards under the Incentive Plan and upon such additional terms and conditions as the Board determines.

The persons eligible to participate in the Incentive Plan are:

- (1) a director (whether executive or non-executive);
- (2) a full or part time employee of any Group Company;
- (3) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 (as amended or replaced); or

(4) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under the rules (a), (b) or (c) above, who is declared by the Board to be eligible to receive grants of Awards under the Incentive Plan.

(b) Offers

Where the Company has relied or intends to rely on the Class Order 14/1000 to make an offer, the Company must have reasonable grounds to believe that the number of Shares to be received on exercising the Awards offered under the offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class order 14/1000 at any time during the previous three (3) year period under an employee incentive scheme covered by the Class Order 14/1000 or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.

(c) Basis of Awards

Awards granted under the Plan may be Options or Performance Rights.

An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer of the Awards.

Awards will not be quoted on the NSX except as provided for under the Incentive Plan or unless the Offer of the Award provides otherwise.

Performance Rights granted under the Incentive Plan will be issued for nil cash consideration.

Unless quoted on the NSX, Options issued under the Incentive Plan will be issued for no more than nominal cash consideration.

The Board may determine the Option exercise price (if any) for an Option offered under the offer in its absolute discretion. To the extent the Listing Rules specify or require a minimum price, the exercise price in respect of an Option offered under an offer of Awards must not be less than any minimum price specified in the Listing Rules.

All grants of Awards will be compliant with all applicable legislation and Listing Rules.

(d) Dealing Restrictions on Shares

The Board may, in its discretion, determine at any time up until exercise of an Award, that a restriction period applies to some or all of the Shares issued to a Participant on exercise of those Awards. Any such restriction period may be up to a maximum of five (5) years from the grant date of the Awards. Participants must not dispose of or otherwise deal with any Shares issued to them under the Incentive Plan while they are restricted Shares.

(e) Change of Control

In the event of a change of control and the Company, the acquiring company and the Participant agree, a Participant may, in respect of any vested Awards that are exercised, be provided with shares in the acquiring company, or its parent, in lieu of Shares, on substantially the same terms and subject to substantially the same conditions as the Shares, but with appropriate adjustments to the number and kind of shares subject to the Awards.

(f) No Participation Rights

There are no participation rights or entitlements inherent in the Awards and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.

An Award does not confer any rights to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.

(g) Lapse of an Award

An Award will lapse upon the earlier to occur of:

- (1) an unauthorised dealing in, or hedging of, the Award occurring;
- (2) a vesting condition in relation to the Award is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the vesting condition and vest the Award;
- (3) in respect of an unvested Award only, a Relevant Person ceases to be an Eligible Participant, unless the Board:
  - (A) exercises its discretion to vest the Award; or
  - (B) in its absolute discretion, resolves to allow the unvested Award to remain unvested after the Relevant Person ceases to be an Eligible Participant.
- (4) in respect of a vested Award only, a Relevant Person ceases to be an Eligible Participant and, where required by the Board in its absolute discretion, the vested Performance right is not exercised within one (1) month period (or such other period as the Board determines) as notified by the Board to the Participant after the date the Relevant Person ceases to be an Eligible Participant;
- (5) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;
- (6) the Company undergoes a change of control or a winding up resolution or order is made, and the Award does not vest; and
- (7) the expiry date of the Award.

(h) Reorganization

In the event the issued capital of the Company is reorganized (including consolidation, subdivision, reduction or return) all rights of a Participant will be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganization.

(i) Notice of Adjustments

Where the exercise price of an Option or number of Shares to be issued on exercise of an Award is adjusted pursuant to the Incentive Plan, the Company will give notice of the adjustment to the Participant and NSX together with calculations on which the adjustment is based.



(j) Non-Residents of Australia

The Board may adopt additional rules for the Incentive Plan applicable in any jurisdiction outside Australia. Rights offered under the Incentive Plan may be subject to additional or modified terms, having regard to any securities laws or regulations or similar factors which may apply to the Participant in relation to the rights.

When an Award is granted to a person not a resident of Australia the provisions of the Plan apply subject to such alterations or additions as the Board determines having regard to any securities laws or similar which may apply.

(k) Amendment

The Board may vary the Incentive Plan.

## 8.7 Related Party Transactions

The Cayman Islands Companies Act does not include any provisions similar to chapter 2E of the Corporations Act. Notwithstanding this, the Board has agreed that any transaction with a Director with a material personal interest in a matter or any transaction with Phoenician Advisory, will be dealt with on the basis as if section 195 and Chapter 2E of the Corporations Act applies. As at the date of this Prospectus, other than as described below, Phoenician is not party to any arrangements with related parties (as defined in the Corporations Act) which are not described in this Prospectus.

- (a) the Company entered into a lead manager agreement with Phoenician Advisory. The terms of this agreement are set out in Section 10.5. The Board has determined that the arrangement is on arm's length commercial terms;
- (b) an executive service agreement for services as Executive Director with Mr Chan. The terms of this agreement are set out in Section 10.1. The Board considers that the terms of appointment and any financial benefit conferred on Mr Chan in connection with this agreement constitutes reasonable remuneration;
- (c) the Company has entered into service agreements with the Non-Executive Directors, Mr Barrie and Mr Lo. The terms of these agreements are set out in Sections 10.2 and 10.3. While these agreements confer a financial benefit on Mr Barrie and Mr Lo in their capacity as Directors of the Company, the Board considers that the terms of Mr Barrie's and Mr Lo's appointment and any financial benefit conferred in connection with these agreements constitute reasonable remuneration; and
- (d) the Company has entered into Deeds of Indemnity, Insurance and Access with each of the Directors. The terms of these agreements are set out in Section 10.4.

## 8.8 Dividend Policy

The Board may declare dividends payable to Shareholders according to their respective rights and interests in the Company. Dividends may be paid by money or property or by issuing fully paid Shares of Phoenician (as the case may be).

## 9. Corporate Governance

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For the purposes of this Prospectus, the Company relies on the provisions in section 712 of the Corporations Act which enables the Company to incorporate material by reference into this Prospectus. Accordingly, rather than contain all the information that may be required to be set out in a standard document of this type in relation to the corporate governance practices of the Company, it incorporates by reference the corporate governance policies of Phoenician adopted on 25 July 2022 (**Corporate Governance Policies**) and lodged with the ASIC on or about the date of this Prospectus.

The Company's Corporate Governance Policies are available upon request from the Company Secretary and are also available on the Company website.

The following summary is provided pursuant to section 712(2) of the Corporations Act.

### 9.1 General

To the extent applicable, commensurate with the Company's size and nature, the Company has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th Edition) (**Recommendations**). The Directors will seek, where appropriate, to provide accountability levels that meet or exceed the Recommendations, which are not prescriptions, but guidelines.

The Company's main corporate governance policies and practices are outlined below.

### 9.2 Board of Directors

The Board oversees the Company's business and is responsible for the overall corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives.

The Board is committed to maximising performance and generating value and financial returns for Shareholders. To further these objectives, the Board has created a framework for managing the Company, including the adoption of relevant internal controls, risk management processes and corporate governance policies and practices which the Board believes are appropriate for the business and which are designed to promote the responsible management and conduct of the Company.

A Director may seek independent advice, including legal advice, where he or she believes it is necessary to properly discharge his or her duties as a Director, provided that the Director has obtained prior written approval of the Chair.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis.

### 9.3 Composition of the Board

The Company is committed to the following principles:

- (a) the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new directors is their ability to add value to the Company and its business.

The Board is currently comprised of one (1) Executive Director and two (2) Non-Executive Directors. Biographies of the Directors are provided in Section 8.1.

As the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and optimum number of Directors required to adequately govern the Company's activities determined within the limitations imposed by the Constitution.

In assessing the independence of Directors, the Company has regard to Principle 2 of the Recommendations. The Board Charter sets out further matters that the Board will consider when determining the independence of Directors of the Company.

Each Director has confirmed to the Company that he anticipates being available to perform his duties as a Non-Executive Director or an Executive Director, as applicable.

#### **9.4 People and Remuneration Committee**

The Board has established a joint nomination and remuneration committee (**People and Remuneration Committee**) to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's people and remuneration strategies and policies.

This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and senior management. In addition, the People and Remuneration Committee is responsible for reviewing and making recommendations in relation to the composition of the Board and ensuring that adequate succession plans are in place. Independent advice will be sought where appropriate.

Allowing for the present size of the Board, the People and Remuneration Committee will comprise of the Directors. The People and Remuneration Committee will be chaired by Mr Lo.

#### **9.5 Identification and Management Risk**

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

The Board has overall responsibility for oversight of matters relating to risk, compliance and internal control.

The Board will regularly undertake reviews of its risk management policy to ensure the Audit and Risk Committee is managing its material business risk effectively and that the risk management policy adequately deals with contemporary and emerging risks.

#### **9.6 Code of Conduct**

The Company is committed to the establishment and maintenance of appropriate ethical practices in all aspects of the Company's operations. Accordingly, the Company has adopted a corporate code of conduct which sets out the standards of ethical behaviour that the Company expects from its Directors, officers, employees, contractors, consultants and managers. Phoenician will carry on business honestly and fairly, acting only in ways that reflect well on Phoenician in strict compliance with all laws and regulations.

## **9.7 Whistleblower Policy**

The Company is committed to the highest standards of conduct and ethical behaviour in all of its business activities and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance across the Company. As part of that commitment, the Company has adopted a Whistleblower Policy, in compliance with applicable laws and practices. The Whistleblower Policy sets out Phoenician's commitment to investigating all matters reported in an objective and fair manner as soon as possible after the matter has been reported.

## **9.8 Trading Policy**

The Board has adopted a policy that is intended to ensure that persons who are discharging managerial responsibilities but not limited to Directors, do not abuse, and do not place themselves under suspicion of abusing inside information that they may be thought to have. This policy is designed to explain the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and to establish procedures in relation to such persons' dealing in the Shares. The policy generally provides that the written acknowledgement of the Chair (or the Board in the case of the Chair) must be obtained prior to trading.

## **9.9 External Audit**

The Board is responsible for the appointment of the external auditors of the Company, provided that the Audit and Risk Committee shall be responsible for providing a recommendation to the Board in regard to such appointment and removal. The Board (with the assistance of the Audit and Risk Committee) from time to time will review the effectiveness, performance and fees of those external auditors.

## **9.10 Audit and Risk Committee**

The Company has established an audit and risk committee (**Audit and Risk Committee**) to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company. The Audit and Risk Committee will assist in the Company in meeting its financial reporting obligations and other tasks, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the adequacy of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

Allowing for the present size of the Board, the Audit and Risk Committee will comprise of the Directors. The Audit and Risk Committee is chaired by Mr Lo, who is not the Chair of the Board.

## **9.11 Anti-Bribery and Corruption Policy**

The Company has adopted an Anti-Bribery and Corruption Policy to establish controls to ensure compliance with all applicable anti-corruption laws and regulations, and to ensure that the Company conducts business in a socially responsible manner.

The Anti-Bribery and Corruption Policy covers bribery and corruption, gifts and benefits, facilitation payments, payment of third party expenses and political donations. The Anti-Bribery and Corruption Policy sets out mechanisms for persons to report conduct which breaches the policy and explains the consequences which persons may face if they breach the policy.

## 9.12 Diversity Policy

The Company respects and values the competitive advantage of diversity and the benefit of its integration throughout the Company to enrich the Company's perspective, improve corporate performance, increase Shareholder value and maximise the probability of achievement of the Company's goals.

The Company's Diversity Policy sets out the Company's policy with respect to diversity within the Company and outlines the processes through which the Company will actively promote diversity across its operations. Diversity includes, but is not limited to, matters of gender, ethnicity, age, sexual orientation, marital status, religious background and culture. Measurable objectives for achieving diversity may be set by the Board, and the Board will assess the Company's progress in achieving them.

## 9.13 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

A copy of the Company's Corporate Governance Statement can be accessed on the Company's website at [www.phoeniciangroup.com](http://www.phoeniciangroup.com).

## 9.14 Departures from Recommendations

Following the admission to the Official List of NSX, the Company will report any departures from the Recommendations in its annual financial report or on its website.

The Company's expected departures from the Recommendations following completion of the Offer are set out below. Investors may download a copy of the current version of the Recommendations at: <https://www.asx.com.au/documents/asx-compliance/cgc-principles-and-recommendations-fourth-edn.pdf>.

Principle	Recommendation	Nature of and Explanation of Departure
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation was undertaken in accordance with that process during or in respect of that period.</p>	<p>The Board did not conduct a performance evaluation of senior executives during the last 12 months and has not adopted a performance evaluation policy.</p> <p>The Company believes that the small size of the executive team and the current scale of the Company's activities make the establishment of a formal performance evaluation procedure unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board. In the normal course of events the Board reviews performance of senior management and the Board as a whole. Achievement of goals and business development and compliance issues are evaluated regularly on an informal basis.</p>

Principle	Recommendation	Nature of and Explanation of Departure
2.5	<p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>On completion of the Offer, Mr Kwan Chan, who is an Executive Director, will be Chair of the Company.</p> <p>The Company is mindful of the need to have strong independent Board representation and anticipates that as the Company grows and its projects expand it will be appropriate to appoint an independent Non-Executive Director as Chair, either from the existing Directors or via a new appointment.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	<p>The Company is committed to understanding and managing risk and to establishing an organisational culture that ensures risk management is included in all activities, decision making and business processes. The Company does not have a formal internal audit function due to its size and business needs.</p> <p>Under the Company's Audit and Risk Committee Charter, the Audit and Risk Committee is charged with the review of the Company's internal controls and monitoring the need for a formal internal audit function. A copy of the Company's Audit and Risk Committee Charter and the Risk Management Policy is available on the Company's website.</p>

## **10. Material Contracts**

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The Directors consider that certain contracts entered into by Phoenician are material to the Company or are of such a nature that an investor may wish to have particulars of them which assessing whether to apply for securities under the Offer. The provisions of such material contracts are summarised as follows:

### **10.1 Executive Service Agreement – Mr Kwan Chan**

On 1 March 2022, Phoenician Services entered into an executive service agreement with Mr Chan. Previously Mr Chan was employed through a third party payroll company and assigned to perform his duties to the various subsidiaries of the Company.

Mr Chan will devote all his reasonable time and attention to fulfil the role of Executive Director and Chair of the Board of the Company. Mr Chan annual salary is HK\$960,000 (AU\$176,247).

Mr Chan will also be entitled to performance bonuses at the discretion of the Board.

### **10.2 Non-Executive Director Services Agreement – Mr Yiu Man Lo**

On 22 April 2022, the Company and Mr Lo entered into a Non-Executive Director services agreement to appoint Mr Lo as a Non-Executive Director of the Company. The agreement is in standard form and details Mr Lo's appointment, duties and remuneration entitlements. Mr Lo's annual salary is AU\$20,000 per annum.

### **10.3 Non-Executive Director Services Agreement – Mr James Stephen Barrie**

On 15 July 2022, the Company entered into a Non-Executive Director services agreement to appoint Mr Barrie as a Non-Executive Director of the Company. The agreement is in standard form and details Mr Barrie's appointment, duties and remuneration entitlements. Mr Barrie's annual salary is AU\$20,000 per annum.

### **10.4 Deeds of Indemnity, Insurance and Access**

Each of the Directors have entered into a deed with the Company whereby the Company has provided certain contractual rights of access to books and records of the Company to those Directors and to effect and maintain insurance in respect of directors and officers' liability and provide certain indemnities to each of the Directors, to the extent permitted by law.

### **10.5 Placement Agreement**

On 15 July 2022, the Company entered into a placement agreement with Phoenician Advisory pursuant to which Phoenician Advisory has been appointed to act as lead manager and book runner of the Offer (**Placement Agreement**).

The Company has agreed to pay all reasonable costs and expenses incurred by Phoenician Advisory incidental to the performance of its obligations under the Placement Agreement and in connection with the transactions contemplated by it.

The Company has agreed to pay to Phoenician Advisory a success fee calculated as 0.5% of the total proceeds received by the Company from target investors (being institutional investors, strategic investors, family offices or high-net worth individuals in Hong Kong) introduced by Phoenician Advisory.

The success fee will be paid from Phoenician International Limited to Phoenician Advisory Services. However, the success fee has not been included in the Cost of the Offer or Use of Funds statement, as it is an intra group charge and will not materially impact the consolidated financial accounts of the Group.

Either the Company or Phoenician Advisory may terminate the Placement Agreement by giving 14 days written notice to Phoenician the other party.

#### **10.6 Company Secretary Agreement**

On 15 July 2022, the Company entered into a company secretarial services agreement with Fernville Group Pty Limited as trustee for Freshwater Trust (**Fernville**) for the provision of secretarial services to the Company.

Under the terms of the agreement, Fernville appointed Mr Barrie to the role of Company Secretary for the provision of secretarial services to the Company. The agreement is in standard form and details the Company Secretary duties and remuneration entitlements. The Company is to pay Fernville AU\$5,000 per annum (AU\$10,000 starting from the first anniversary of his appointment) for its services.

#### **10.7 Loan Agreement**

On 1 May 2016, the Company entered into a loan arrangement with Unico Holdings Limited, a company incorporated under the laws of Hong Kong with company number 2354825 (**Lender**), pursuant to which, the Lender agreed to grant the Company a loan of up to HK\$150,000,000 in order to fund and support the operations of the Company and its subsidiaries (**Loan**).

On 28 February 2020, the Company entered into a supplementary agreement with the Lender to extend the repayment date of the Loan.

The Loan is unsecured, interest-bearing at the rate of 4.7% per annum and repayable on or before 31 December 2024. The loan is denominated in Hong Kong dollars.

The total amount outstanding under the Loan is approximately HK\$87,887,167 as at 27 July 2022.

The Lender is a non-controlling Shareholder of the Company.



## **11. Additional Information**

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### **11.1 Rights Attaching to Shares**

The Company is incorporated in the Cayman Islands and is subject to the laws of the Cayman Islands, including the Cayman Islands Companies Act. These laws may not provide the same level of investor protection as Australian laws, including with respect to related party transactions and takeovers. Furthermore, it may be more time consuming and expensive to enforce these rights in the Cayman Islands than in Australia

The rights attaching to Shares arise from a combination of statute, general law and the Company's Constitution. The following is a summary of the more significant rights, privileges and restrictions attaching to Shares and the Constitution. This summary is not intended to be exhaustive and must be read subject to the full text of the Constitution. Shares issued under this Prospectus will rank equally in all respects with the existing Shares.

#### **Voting**

Although under Cayman Islands Companies Act, the Company is not required to hold annual general meetings, the Constitution provides that the Company must hold an annual general meeting in each year.

Shareholders are entitled to notice of and to attend general meetings of the Company. Subject to the voting rights of preference Shares and any other Shares which may in the future be issued with special or preferential rights, every Shareholder present in person or by proxy, attorney or representative has one (1) vote on a show of hands, and on a poll, one (1) vote for each fully paid Share. In the case of an equality of votes, the Chair of the meeting shall have a second or casting vote in addition to any other vote he or she may have or be entitled to exercise.

The Constitution allows Shareholders (either individually or collectively) holding not less than 10% in par value of the issued Shares which as at that date carry the right to vote at general meetings of the Company. The Constitution details the information that must be included in such a request, and the timing requirements.

#### **Voting Thresholds**

Generally, all matters to be transacted at a general meeting are passed by an ordinary resolution, save for certain matters specified under the Constitution or the Cayman Islands Companies Act as requiring a special resolution.

To be passed at a general meeting:

- (a) ordinary resolutions require the affirmative vote of a simple majority of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled by the Constitution; and
- (b) special resolutions require the affirmative vote of a three-fourths majority of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a special resolution has been duly given and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled.

Ordinary and special resolutions may also be passed by a unanimous written resolution of all the Shareholders having the right to attend and vote at the meeting.

### **Dividends**

Under the Cayman Islands Companies Act and the Constitution, the Board may declare and authorise the payment of dividends and distributions out of realised or unrealised profits of the Company, out of the share premium account, or as otherwise permitted by the Cayman Islands Companies Act. Except as provided by the Constitution or the rights attached to any Shares, dividends will be declared and paid according to the amounts paid up on the nominal value of the Shares on which the dividend is paid.

Any dividend unclaimed after a period of three (3) years from the date of the dividend became due for payment will be forfeited and revert to the Company.

### **Rights on Winding Up**

Subject to any rights or restrictions attached to a class of Shares, on a winding up of the Company the liquidator may, with sanction of a special resolution of the Company and any other sanction required by the Cayman Islands Companies Act, distribute among the Shareholders the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose:

- (a) decide how the assets are to be distributed as between the Shareholders or different classes of Shareholders;
- (b) value the assets to be distributed in such manner as the liquidator thinks fit; and
- (c) vest the whole or any part of any assets in such trustees and on such trusts for the benefit of the Shareholders entitled to the distribution of those assets as the liquidator sees fit, but so that no Shareholder shall be obliged to accept any assets in respect of which there is any liability.

### **Transfer of Shares**

Subject to the Constitution and the applicable law, Shares may be transferred by a written instrument of transfer which complies with the Constitution and the applicable law.

### **Listing Rules**

While the Company is admitted to the Official List of NSX, notwithstanding anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done, and if the Listing Rules require a provision to be included in the Constitution, the Constitution will be treated as containing that provision. If any provision of the Constitution becomes inconsistent with the Listing Rules, the Constitution will not be treated as containing that provision to the extent of the inconsistency.

### **Variation of Rights**

The Shares have rights and privileges and are subject to the restrictions set out in the Constitution.

Subject to the Cayman Islands Companies Act, if at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares may be varied in such manner as those rights may provide or, if no such provision is made, either:

- (a) with the consent in writing of holders of not less than three-fourths of the issued Shares of that class; or
- (b) with the sanction of a resolution passed at a separate meeting of the holders of the Shares of that class by three-fourths majority of the holders of the Shares of that class present and voting at such meeting (whether in person or by proxy).

For the purposes of the foregoing, the Directors may treat two (2) or more or all of the classes of Shares as forming one (1) class of Shares if the Directors consider that such classes of Shares would be affected by the proposed variation in the same way.

### **Quorum Requirements**

A quorum for a general meeting is two (2) Shareholders present in person, by proxy or by a duly authorised representative and entitled to vote on the business to be transacted, unless the Company has only one (1) Shareholder in which case that Shareholder alone constitutes a quorum.

If a quorum is not present within 30 minutes after the time set for a general meeting, the meeting:

- (a) if called on a requisition of Shareholders, will be dissolved; and
- (b) in any other case, will be adjourned to the same day in the next week at the same time and place, or to such other day, time and place as determined by the Board (and if no quorum is present at the adjourned meeting within 30 minutes after the time set for the meeting, the Shareholders present will be a quorum).

### **Takeover Provisions**

As a foreign company registered in Australia, the Company will not be subject to chapters 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares (i.e. substantial holders and takeovers). Further, the takeover provisions under the Cayman Islands' Code on Takeovers and Mergers and Rules Governing Substantial Acquisitions of Shares are not applicable to the Company.

### **Alteration of the Constitution**

Subject to the Cayman Islands Companies Act, the Company can only amend its Constitution by special resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution.

## **11.2 Key Differences Between Australian and Cayman Islands Company Law**

As the Company is not incorporated in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC and are, instead, regulated by the applicable laws of the Cayman Islands. These laws may not provide the same level of investor protection as Australian laws.

Unless otherwise stated, the Corporations Act provisions referred to below do not apply to the Company as a foreign company.

	Cayman Islands Law	Australian Law
Share capital	Pursuant to Cayman Islands law, the share capital and par value of the shares of an exempted company may be expressed in one (1) or more currencies. An exempted company may also have its capital divided into shares of no par value, but may not have its capital divided into shares with some of which have a par value and some of which do not.	The concept of par value no longer exists under Australian law.
Transactions that require Shareholder approval	<p>The principal transactions or actions of a Cayman Islands company that require shareholder approval under the Cayman Islands Companies Act include:</p> <p>(a) the alteration of the authorised share capital of the company (whether by way of increase in the authorised share capital, cancellation of authorised but unissued share capital, or consolidation or subdivision of share capital);</p> <p>(b) the initiation of a voluntary winding up of the company (and the appointment, remuneration of, removal, and/or acceptance of resignation a liquidator in connection therewith);</p> <p>(c) the alteration of the constitution of the company (including rights attaching to the shares);</p> <p>(d) a reduction of the issued share capital of the company (which requires the additional sanction of the Cayman Islands courts);</p>	<p>Under the Corporations Act, the principal transactions or actions requiring shareholder approval include:</p> <p>(a) adopting or altering the constitution of the company;</p> <p>(b) appointing or removing a director or auditor;</p> <p>(c) certain transactions with related parties of the company;</p> <p>(d) putting the company into liquidation; and</p> <p>(e) changes to the rights attached to shares.</p> <p>Shareholder approval is also required for certain transactions affecting share capital (e.g. share buybacks and share capital reductions).</p> <p>Under the Listing Rules, shareholder approval is required for matters including:</p> <p>(a) directors' termination benefits in certain circumstances;</p>

	Cayman Islands Law	Australian Law
	<p>(e) the changing of the name of the company;</p> <p>(f) a statutory consolidation or merger of the company with another company;</p> <p>(g) the migration of the company to a jurisdiction outside the Cayman Islands (provided that such jurisdiction permits the migration); and</p> <p>(h) the approval of a scheme of arrangement or compromise between the company and its shareholders (which requires the additional sanction of the Cayman Islands courts).</p> <p>The constitution of a Cayman Islands company may also specify that additional matters require shareholder approval (such as matters requiring approval under the Listing Rules).</p>	<p>(b) certain transactions with related parties;</p> <p>(c) certain issues of shares; and</p> <p>(d) if a company proposes to make a significant change to the nature or scale of its activities or proposes to dispose of its main undertaking.</p>
Shareholders' right to request or requisition a general meeting	The Cayman Islands Companies Act provides that, in default of any regulations in the constitution of a company as to the persons who are competent to summon general meetings, three (3) shareholders acting together may summon a general meeting. However, the Constitution of the Company provides that the threshold is shareholders holding shares representing one-tenth of the paid up capital of Shares carrying the right to vote at a general meeting, as described in Section 11.1.	<p>The Corporations Act requires the directors to call a general meeting on the request of members with at least 5% of the vote that may be cast at the general meeting.</p> <p>Shareholders with at least 5% of the votes that may be cast at the general meeting may also call and arrange to hold a general meeting at their own expense.</p>

	Cayman Islands Law	Australian Law
Shareholders' right to appoint proxies to attend and vote at meetings on their behalf	The Cayman Islands Companies Act does not contain a specific right for shareholders to appoint proxies to attend and vote at general meetings on their behalf. However, the Constitution of the Company provides such right.	<p>A shareholder may appoint a proxy to attend and vote on the shareholder's behalf at a meeting, if appointed validly under the Corporations Act. A proxy has the same rights as the member to:</p> <ul style="list-style-type: none"> <li>(a) speak at the meeting;</li> <li>(b) vote (but only to the extent allowed by the appointment); and</li> <li>(c) join in a demand for a poll.</li> </ul> <p>A company's constitution may provide that a proxy is not entitled to vote on a show of hands.</p>
Changes in the rights attaching to shares	The Cayman Islands Companies Act does not contain provisions determining the action necessary to change the rights attaching to shares. In the absence of a specific procedure for varying the rights attaching to shares in a Cayman Islands company (whether set out in the constitution of such company or otherwise), any rights attaching to shares may be varied by a special resolution of the shareholders or relevant class thereof, or (if the Company's share capital is divided into different classes) by a consent in writing of the holders of not less than two thirds of the shares of any such class, as described in Section 11.1.	<p>The Corporations Act allows a company to set out in its constitution the procedure for varying or cancelling rights attached to shares in a class of shares. If a company does not have a constitution, or has a constitution that does not set out a procedure, such rights may only be varied or cancelled by:</p> <ul style="list-style-type: none"> <li>(a) a special resolution passed at a meeting for a company with a share capital of the class of members holding shares in the class; or</li> <li>(b) a written consent of members with at least 75% of the votes in the class.</li> </ul>

	Cayman Islands Law	Australian Law
Shareholder protections against oppressive conduct	<p>Under common law principles, shareholders in a Cayman Islands company are entitled to have the affairs of the company conducted in accordance with such company's constitution and applicable law. As such, shareholders may bring personal or representative actions against the company in respect of breaches of their (and other similarly affected shareholders') rights as shareholders under the constitution of the company and applicable law (for example, in the event that they are prevented from exercising voting rights, or from requisitioning a meeting). A minority shareholder may also bring a derivative action in the name of the company. While, as a matter of common law (under the general rule known as the rule in <i>Foss v Harbottle</i>), the Cayman Islands courts will generally refuse to interfere with the management of a company at the insistence of a minority shareholder in circumstances where the majority have approved or ratified the matter or act in contention. However, based on English common law authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, a minority shareholder may be permitted to commence a derivative action in the name of the company in order to challenge any such matter or act which:</p> <p>(a) is ultra vires the company or illegal;</p> <p>(b) constitutes a fraud on the minority where the wrongdoers control the company;</p>	<p>Under the Corporations Act, shareholders have statutory remedies for oppressive or unfair conduct of the company's affairs and the court can make any order as it sees appropriate.</p>

	Cayman Islands Law	Australian Law
	<p>(c) constitutes an infringement of individual rights of shareholders (such as a right to attend and vote at a meeting); and/or</p> <p>(d) has not been properly approved in accordance with any applicable special or extraordinary majority of the shareholders.</p> <p>The Cayman Islands Companies Act also gives power to the Cayman Islands courts to wind up a company if the courts are of the opinion that it would be just and equitable to do so (and if the courts consider it just and equitable to wind up the company, they may instead make other orders with respect to the company as an alternative to a winding up order). The basis on which the courts may make exercise such powers on application by shareholders in a Cayman Islands company have been held to include the following:</p> <p>(a) the substratum of the company has disappeared;</p> <p>(b) there has been some fraud on the minority or illegality; or</p> <p>(c) there has been mismanagement or misapplication of the company's funds.</p>	



	Cayman Islands Law	Australian Law
Shareholders' rights to bring or intervene in legal proceedings on behalf of the company	Shareholders have a common law right to bring derivative actions in the name of the company. However, as described above, the Cayman Islands courts will generally refuse to permit a derivative action in respect of a matter which has been lawfully ratified by a majority of the shareholders.	<p>The Corporations Act permits a shareholder to apply to the court for leave to bring proceedings on behalf of the company, or to intervene in proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for those proceedings, or for a particular step in those proceedings. The court must grant the application if it is satisfied that:</p> <ul style="list-style-type: none"> <li>(a) it is probable that the company will not itself bring the proceedings, or properly take responsibility for them, or for the steps in them;</li> <li>(b) the applicant is acting in good faith;</li> <li>(c) it is in the best interests of the company that the applicant be granted leave;</li> <li>(d) if the applicant is applying for leave to bring proceedings, there is a serious question to be tried; and</li> <li>(e) either at least 14 days before making the application, the applicant gave written notice to the company of the intention to apply for leave and of the reasons for applying, or the court considers it appropriate to grant leave.</li> </ul> <p>The Corporations Act provides that proceedings brought or intervened in with leave must not be discontinued, compromised or settled without the leave of the court.</p>

	Cayman Islands Law	Australian Law
“Two strikes” rule in relation to remuneration reports	There are no equivalent provisions under the laws of the Cayman Islands, and no equivalent provisions have been included in the Company’s Constitution.	<p>The Corporations Act requires that a company’s annual report must include a report by the directors on the company’s remuneration framework (called a remuneration report).</p> <p>A resolution must be put to shareholders at each annual general meeting of the company’s shareholders (<b>AGM</b>) seeking approval for the remuneration report. The approval is advisory only. However, if more than 25% of shareholders vote against the remuneration report at two consecutive AGMs (i.e. two (2) strikes), an ordinary (50%) resolution must be put to shareholders at the second AGM proposing that a further meeting be held within 90 days. At the second meeting, all of the directors who approved the second remuneration report must resign and stand for re-election.</p>
Disclosure of substantial holdings	There are no equivalent provisions under the laws of the Cayman Islands, and no equivalent provisions have been included in the Company’s Constitution.	<p>The Corporations Act requires every person who is a substantial holder to notify the listed company and the NSX that they are a substantial holder and to give prescribed information in relation to their holding if:</p> <ul style="list-style-type: none"> <li>(a) the person begins to have, or ceases to have, a substantial holding in the company;</li> <li>(b) the person has a substantial holding in the company or scheme and there is a movement of at least 1% in their holding; or</li> <li>(c) the person makes a takeover bid for securities of the company.</li> </ul>

	Cayman Islands Law	Australian Law
		<p>Under the Corporations Act, a person has a substantial holding if the total votes attached to voting shares in the company in which they or their associates have relevant interests is 5% or more of the total number of votes attached to voting shares in the company, or the person has made a takeover bid for voting shares in the company and the bid period has started and not yet ended.</p> <p>The Australian substantial holder regime in the Corporations Act does not apply to Shareholders of the Company because the Company is a Cayman Islands incorporated company.</p>
How takeovers are regulated	<p>Except for specific rules that apply only to companies listed on the Cayman Islands Stock Exchange or companies that are regulated by the Cayman Islands Monetary Authority (which are not applicable to the Company), there are no rules or restrictions under the Cayman Islands' Code on Takeovers and Mergers and Rules Governing Substantial Acquisitions of Shares governing the acquisition of all or a specified percentage of direct or indirect voting rights in a Cayman Islands company, or the conduct of the directors of a Cayman Islands company following an actual or potential takeover or merger offer, nor are there any statutory restrictions in respect of defensive mechanisms which the board of directors could employ in respect of actual or potential takeover or merger offers.</p>	<p>The Corporations Act prohibits a person from acquiring a relevant interest in issued voting shares in a listed company if any person's voting power in the company will increase from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.</p> <p>Exceptions to the prohibition apply, for example acquisitions with shareholder approval, 3% creep over six (6) months and rights issues that satisfy prescribed conditions.</p> <p>Substantial holder notice requirements apply (as discussed above under the heading "Disclosure of substantial holdings").</p> <p>Compulsory acquisitions are permitted by persons who hold 90% or more of securities or voting rights in a company. The Australian takeovers regime in the Corporations Act does not apply to the Company because the Company is a Cayman Islands incorporated company.</p>

	Cayman Islands Law	Australian Law
How transactions with related parties are dealt with	<p>The Cayman Islands Companies Act does not contain provisions similar to those under the Corporations Act regarding the entry into contracts with related parties. However, in the event that any payment obligation, transfer of property or grant of charge thereon is made to a related party that is also a creditor at a time when the company is insolvent, the Cayman Islands Companies Act provides that such transfer is deemed to be a preference and therefore is invalid if it occurred within six (6) months immediately preceding the commencement of a liquidation.</p> <p>Under the Company's Constitution, in any vote of directors regarding the approval of any matter, contract or transaction in which a director is directly or indirectly interested, the interested director may count towards the quorum and vote on such matter, contract or transaction provided that the nature and extent of his or her interest has been disclosed to the other directors.</p>	<p>The Corporations Act regulates transactions under which a financial benefit is given by a company to a related party of the company (being the directors of the company, persons who control the company and their respective associates). Generally, transactions with related parties must be approved by shareholders. However, exceptions to this requirement exist in certain circumstances such as where the board of the company is of the view that:</p> <ul style="list-style-type: none"> <li>(a) the terms of the transaction were negotiated on an arm's length basis;</li> <li>(b) the financial benefit constitutes reasonable remuneration to the related party; and</li> <li>(c) where the financial benefit is given to all shareholders of the company in a manner that does not discriminate unfairly between the related party and the other shareholders of the company.</li> </ul>

	Cayman Islands Law	Australian Law
Duties of directors	<p>As a matter of the Cayman Islands law, the duties of a director primarily derive from common law, the Cayman Islands Companies Act, and the constitution of the company. Under common law principles that will be applied by the Cayman Islands courts, directors have fiduciary duties to the company similar to those noted as applicable under the Corporations Act and the general requirements under Australian law, including: (i) the duty to act honestly and in good faith in what he or she considers are the best interests of the company (generally meaning the interests of the shareholders as a whole); (ii) the duty of loyalty and to avoid actual or potential conflicts of interest arising between his or her duties to the company and his or her personal interest; (iii) a duty to exercise his or her powers as a director under the Cayman Islands Companies Act and the constitution of the company only for the purposes for which they are conferred and not for a collateral or improper purpose; (iv) a duty not to fetter his or her discretion as a director; and (v) a duty of care, diligence and skill.</p>	<p>The Corporations Act sets out various duties that apply to the directors of a company. These include that a director must:</p> <ul style="list-style-type: none"> <li>(a) exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise;</li> <li>(b) exercise their powers and discharge their duties in good faith in the best interests of the company and for a proper purpose; and</li> <li>(c) not improperly use their position or information obtained as a result of their position to gain an advantage for themselves or someone else or to cause detriment to the company.</li> </ul> <p>In addition, there is a general requirement under Australian law that in Australia a director owes a fiduciary duty to the company, that is he or she must act honestly, in good faith and to the best of his or her ability in the interests of the company.</p> <p>These duties only apply to the Company, as a foreign incorporated entity, to the extent that the acts and/or omissions of the directors, officers or employees have a connection with Australia.</p>

	Cayman Islands Law	Australian Law
	<p>The Cayman Islands Companies Act contains certain statutory duties, including: (i) the duty not to pay or make any distribution to shareholders out of capital or share premium unless the company is able to pay its debts as they fall due following such payment; and (ii) the duty to maintain certain statutory registers (register of members, register of directors, register of mortgages and charges) and maintain proper books and records; and (iii) the duty to ensure that certain returns and filings are made to the Registrar of Companies of the Cayman Islands (including any changes in directors, any changes in the authorised share capital of the company or the memorandum and constitution of the company, and any special resolutions passed by the shareholders of the company). A director must also act in accordance with any specific duties set forth in the constitution from time to time. A director who fails to perform their Cayman Islands common law duties may be personally liable for financial compensation to the aggrieved party, the restoration of the company's property, or for the payment to the company of any profits made in breach of the director's duty. In addition, a director who fails to perform their duties under the Cayman Islands Companies Act may be personally liable to a statutory fine and/or imprisonment of varying severity depending on the nature of the duty breached. This liability is in addition to any liability the company itself may be subject to. A Cayman Islands company may, however, include a provision in its constitution (or otherwise enter into a separate contractual arrangement with a director) indemnifying a director</p>	<p>A director who fails to perform their duties under the Act may:</p> <ul style="list-style-type: none"> <li>(a) contravene a civil penalty provision of the Act and face a pecuniary penalty of up to the greater of \$1,110,000 or three times the benefit gained (or loss avoided) from the breach;</li> <li>(b) in certain circumstances, be guilty of a criminal offence where a director or other officer is reckless or dishonest with a potential penalty of up to 15 years imprisonment;</li> <li>(c) be personally liable to compensate the company or others for any loss or damage they suffer; and</li> <li>(d) be prohibited from managing a company.</li> </ul> <p>A company may enter into a deed of indemnity with a director indemnifying a director out of the property of the company against any liability the director incurs to another person (other than the company or a related body corporate of the company), unless the liability arises out of conduct involving a lack of good faith by the director or in relation to certain pecuniary penalties and compensation orders under the Corporations Act. A company may also purchase insurance for directors and certain other officers against liability incurred by the director as a result of being a director of the company. However, the company must not pay, or agree to pay, a premium for an insurance policy in relation to a director where the director's liability</p>

	Cayman Islands Law	Australian Law
	<p>against any loss caused in certain circumstances (where there has been no wilful neglect, wilful default, fraud or dishonesty). A Cayman Islands company may also purchase insurance for directors and certain other officers against liability incurred as a result of any negligence, default, breach of duty or breach of trust in relation to the company.</p>	<p>arises out of conduct involving a wilful breach of the director's duty or where the director is liable as a result of a breach of the duty to not improperly use their position or information obtained as a result of their position to gain an advantage for themselves or someone else or to cause detriment to the company.</p>
<p>The ability to obtain a copy of a company's share register</p>	<p>As the Company is a Cayman Islands exempted company, shareholders have no general right under the Cayman Islands Companies Act to inspect or obtain copies of the share register. The Constitution does not give such right save where authorised by ordinary resolution.</p>	<p>Under the Corporations Act, a company must allow anyone to inspect its share register. A shareholder of a company has a right to inspect the share register free of charge and a third party is entitled to inspect the register upon payment of a reasonable fee. A company must provide the applicant with a copy of the register within seven (7) days following receipt of an application to inspect the company's share register and payment of the relevant fee.</p>
<p>Winding up of a solvent company</p>	<p>Under Cayman Islands law, a voluntary liquidation may be commenced by the shareholders of a company if a special resolution is passed to that effect. The directors are then required to swear a declaration of the company's solvency within 28 days of the voluntary liquidation resolution being passed. If the directors are unable to do so, the voluntary liquidator appointed by the voluntary liquidation resolution will apply to the Cayman Islands courts for a supervision order and the liquidation will proceed under the supervision of the Cayman Islands courts.</p>	<p>Under the Corporations Act, the directors of a solvent company may wind up a company with the approval of shareholders holding 75% of the issued capital in the company, following which a company liquidator can commence the winding up process.</p>

	Cayman Islands Law	Australian Law
	<p>In addition, any shareholder who has held shares for at least six months (or any lesser period if the shares are held following transmission on death of a former shareholder) is entitled to petition the Cayman Islands courts to make a winding up order. A Cayman Islands court may make a winding up order if it is of the opinion that it is just and equitable that the company should be wound up. However, where a shareholder has contractually agreed not to present a petition for winding up against a company, the Cayman Islands Companies Act provides that the Cayman Islands courts shall dismiss any petition for winding up by that shareholder.</p>	
Winding up of an insolvent company	<p>Upon a petition to the Cayman Islands courts made by the company itself (with the sanction of an ordinary resolution) or by any creditor (including a contingent or prospective creditor) or contributory, a company may be wound up if it can be shown to the satisfaction of the Cayman Islands courts that the company is unable to pay its debts. There is no equivalent Cayman Islands statutory provision to the prohibition on trading while insolvent under the Corporations Act, but when the company is insolvent (or of doubtful solvency) the “best interests of the company” for the purposes of directors’ fiduciary duties (as described above) will generally be determined primarily by reference to the interests of the creditors of the company as a general body, rather than by reference to the shareholders as a whole. Where the Cayman Islands courts make an order for winding up, an official liquidator will be appointed by the court, and the directors of the company shall</p>	<p>A company is considered insolvent if it cannot pay its debts as and when they fall due. While insolvent, a company must not trade or continue conducting business as usual. Trading while insolvent can result in civil penalties or criminal charges under the Corporations Act.</p> <p>The winding up of an insolvent company can be effected through the appointment of an administrator or company liquidator.</p> <p>Voluntary administration tries to resolve the company’s insolvency in the best way possible. A qualified person is appointed as voluntary administrator to try and bring the company back to solvency. If it is not possible to bring the company back to solvency, the voluntary administrator’s job is to decide the best course of action in the interest of the company’s creditors.</p>



	Cayman Islands Law	Australian Law
	<p>cease to have any power or authority. Provisional liquidators may also be appointed in certain circumstances in advance of the Cayman Islands courts making a winding up order, including on petition by a company where it is (or is likely to become) unable to pay its debts and intends to present a compromise or arrangement to its creditors in order to restructure the company's affairs. Where the Cayman Islands courts order the appointment of a provisional liquidator following an application by the company to permit such a restructuring, the powers of the provisional liquidator so appointed may be limited by the courts and the existing directors may be allowed to remain in control of the company, subject to the supervision of the court. Where the Cayman Islands courts have made a winding up order or an order to appoint provisional liquidators, no suit, action or other proceedings shall be continued or commenced against the company except with leave of the courts (although secured creditors retain their rights enforce their security without leave of the courts). In addition, any disposition of the company's property following the commencement of winding up is, unless the Cayman Islands courts order otherwise and subject to the rights of enforcement by secured creditors, void.</p>	<p>Liquidation involves a registered liquidator taking control of the insolvent company and liquidating the assets of the company, following which the company is deregistered. The liquidator has an obligation to ensure that creditors are treated fairly as part of the liquidation.</p>

	Cayman Islands Law	Australian Law
Transfer of Shares	The Cayman Islands Companies Act requires that shares of a Cayman Islands company are in registered form, and so legal title to shares will pass only on entry into the Company's register of members (which may be a physical or electronic register either inside or outside the Cayman Islands). The Cayman Islands Companies Act does not contain any other requirements for transfers of shares. The Constitution of the Company do not prohibit off market transfers (unless prohibited by the rules and regulations of any stock exchange on which it is listed from time to time).	Other than trading of shares on market, except where a right to shares has devolved by will or by operation of law, shares may only be transferred upon the completion and delivery of an instrument of transfer that complies with the Corporations Act. A company must register a transfer of shares if a proper instrument of transfer has been delivered to the company. A person transferring shares remains the holder of the shares until the transfer is registered and the name of the transferee is entered in the register of members in respect of the shares. The directors of a company may refuse to register a transfer of shares only if permitted to do so by the Corporations Act and the Listing Rules.

### 11.3 Litigation

As at the date of this Prospectus, neither the Company nor any of its subsidiaries are involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company or such other entities.

### 11.4 Interests of Experts and Advisors

Other than as set out below or elsewhere in this Prospectus, no

- (a) persons or entity named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the two (2) years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

### 11.5 Costs of the Offer

It is estimated that the total costs of the Offer (excluding GST) will be AU\$533,000 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Cost AU\$
Investigating Accountants' fees	25,000
Legal fees (Australia)	120,000
Legal fees (Cayman Islands)	20,000
Legal fees (Hong Kong)	18,000
NSX application fee and ASIC charges	210,000
Share registry fees	50,000
Printing and administration fees	45,000
Capital raising fee <sup>1</sup>	0
Other expenses and contingencies	45,000
<b>Total</b>	<b>533,000</b>

**Notes:**

1. The Offer is not underwritten and no external Lead Manager is engaged. The fee payable to Phoenician Advisory for its role as Lead Manager Placement Agent is not included, as it is an intra group charge.

### 11.6 NSX Waivers

The Company will apply for a waiver of Listing Rule 2.2, so that the Company does not have to appoint a sponsoring broker to the Offer.

## 11.7 Consents and Disclaimers of Responsibilities

The following have given their written consents, and have not withdrawn those consents before the lodgement of this Prospectus with ASIC, in the following terms:

- (a) HopgoodGanim Lawyers is named in the Corporate Directory as the Australian solicitors to the Company in relation to the Offer and have been involved in the process of reviewing this Prospectus for consistency with the material contracts. In doing so, they have placed reasonable reliance upon information provided to them by the Company and other third parties. HopgoodGanim Lawyers has given, and at the time of lodging this Prospectus with ASIC, has not withdrawn its written consent to be named in this Prospectus as Australian solicitors for the Company in the form and context in which it is so named. HopgoodGanim Lawyers will be paid for work performed in accordance with usual time-based charge out rates and estimate their professional costs at AU\$120,000 (excluding disbursements and GST) at the date of this Prospectus;
- (b) Travers Thorp Alberga is named in the Corporate Directory as the Cayman Islands solicitors to the Company in relation to the Offer. Travers Thorp Alberga has given, and at the time of lodging this Prospectus with ASIC, has not withdrawn its written consent to be named in this Prospectus as Cayman Islands legal advisers for the Company in the form and context in which it is so named. Travers Thorp Alberga will be paid for work performed in accordance with usual time-based charge out rates and estimate their costs at AU\$20,000 (excluding disbursements and tax) at the date of this Prospectus;
- (c) Tanner de Witt is named in the Corporate Directory as the Hong Kong solicitors to the Company in relation to the Offer. Tanner de Witt has given, and at the time of lodging this Prospectus with ASIC, has not withdrawn its written consent to be named in this Prospectus as Hong Kong legal advisers for the Company in the form and context in which it is so named. Tanner de Witt will be paid for work performed in accordance with usual time-based charge out rates and estimate their costs at AU\$18,000 (excluding disbursements and tax) at the date of this Prospectus;
- (d) RSM Hong Kong is named in the Corporate Directory as auditors to the Company. RSM Hong Kong has given, and at the time of lodging this Prospectus with ASIC, has not withdrawn its written consent to be named in this Prospectus as auditors for the Company in the form and context in which it is so named. RSM Hong Kong audited the Company's financial statements for the year ended 31 December 2021;
- (e) RSM Corporate Australia Pty Ltd is named in the Corporate Directory as investigating accountants to the Company. RSM Corporate Australia Pty Ltd prepared the Investigating Accountant's Report set out in Section 7 of this Prospectus. RSM Corporate Australia Pty Ltd has given, and at the time of lodging this Prospectus with ASIC, has not withdrawn its written consent to be named in this Prospectus as investigating accountant for the Company in the form and context in which it is so named and for the inclusion in this Prospectus of its Investigating Accountant's Report. In doing so, it has placed reasonable reliance upon information provided to it by the Company and other third parties. Other than those contained in the Investigating Accountant's Report, RSM Corporate Australia Pty Ltd does not make any other statement in this Prospectus. RSM Corporate Australia Pty Ltd will be paid for work performed in accordance with usual time-based charge out rates and estimate their costs at AU\$25,000 (excluding disbursements and GST) at the date of this Prospectus; and

- (f) Advanced Share Registry Services is named in the Corporate Directory as the Australian Share Registry of the Company. Advanced Share Registry Services has given, and at the time of lodging this Prospectus with ASIC, has not withdrawn its written consent to be named in this Prospectus as the Share Registry for the Company in the form and context in which it is so named.

There are a number of persons or entities referred to elsewhere in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in the Prospectus and did not authorise or cause the issue of the Prospectus.

### **11.8 Electronic Prospectus**

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic copy of this Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic Application Form, subject to compliance with certain provisions. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies shall be held by the Company on trust and refunded in full (without interest) to the Applicant as soon as practicable.

### **11.9 Continuous Disclosure**

Following admission, the Company will be a “disclosing entity” for the purposes of Part 1.2A of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which require it to disclose to NSX any information which it is or becomes aware of concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the securities of the Company. The Company’s announcements are available free of charge on the NSX website or on request to the Company.

### **11.10 Inspection of Documents**

Copies of the following documents may be inspected free of charge at the registered office of the Company during normal business hours:

- (a) the Material Contracts in Section 10 of this Prospectus;
- (b) the Constitution of the Company; and
- (c) the consents referred to in Section 11.7 of this Prospectus.

### **11.11 Company Tax Status and Financial Year**

The Company is registered in the Cayman Islands. The Company is not a tax resident of Australia. The financial year of the Company ends on 31 December of each year.

### **11.12 Working Capital Statement**

The Board believes that the Company's current cash reserves plus the net proceeds of the Offer will be sufficient to fund the Company's stated business objectives. Investors should be aware that the Company may use and expand its cash reserves more quickly than contemplated.

The Board will consider the use of further equity funding or placements if appropriate to further accelerate growth or fund a specific project, transaction or expansion.

## 12. Questions and Enquiries

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Any questions concerning the Offer, your existing holding of Shares, or any part of this Prospectus, should be directed to the Company as follows:

Address	Telephone	Email
6th Floor, 8 Queen's Road Central Central, Hong Kong	+852 3519 2870	administration@phoeniciangroup.com

### 13. Directors' Authorisation

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This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

Each Director has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of Phoenician International Limited by:



.....  
Chair and Executive Director

12 August 2022



## 14. Definitions

Where the following terms are used in this Prospectus they have the following meanings:

<b>AFC</b>	means Asian Financial Crisis.
<b>Applicant</b>	means a person who submits a valid Application Form pursuant to this Prospectus.
<b>Application</b>	means an application by way of a completed Application Form to subscribe for Shares under this Prospectus.
<b>Application Monies</b>	means monies received from Applicants in respect of their Application.
<b>Application Form</b>	means the Application Form enclosed with this Prospectus.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited ACN 008 624 691.
<b>ASX Settlement</b>	means ASX Settlement Pty Limited ACN 008 504 532.
<b>ASX Settlement Operating Rules</b>	means the official settlement rules of ASX Settlement.
<b>AuC</b>	means Assets under Custody.
<b>AuM</b>	means Assets under Management.
<b>AU\$</b>	means Australian dollars, being the lawful currency of Australia.
<b>AWST</b>	means Australian Western Standard Time.
<b>Board</b>	means the board of Directors of the Company.
<b>BRI</b>	means the Belt and Road Initiative.
<b>Business Day</b>	means a day on which banks are open for business in the applicable jurisdiction.
<b>Cayman Islands Companies Act</b>	means the Cayman Islands Companies Act (as revised).
<b>Chair</b>	means the chair of the Board from time to time.
<b>CHESS</b>	means the Clearing House Electronic Subregistry System operated by ASX Settlement.
<b>Closing Date</b>	means the date the Offer closes, being 24 August 2022 or such other date and time as may be determined by the Directors.
<b>Company or Phoenician</b>	means Phoenician International Limited ARBN 659 284 152.
<b>Company Secretary</b>	means the company secretary of the Company.
<b>Constitution</b>	means the first amended and restated memorandum and articles of association of the Company as adopted by special resolution of the Shareholders on 22 April 2022.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).

<b>COVID-19</b>	means coronavirus disease.
<b>CSRC</b>	means China Securities Regulatory Commission.
<b>Director</b>	means a director of the Company.
<b>ECL</b>	means expected credit losses.
<b>Exposure Period</b>	means the period of 14 days after the date of lodgement of the Original Prospectus, as extended by ASIC pursuant to section 727(3) of the Corporations Act.
<b>FDI</b>	means foreign direct investment.
<b>FVTPL</b>	means fair value through profit or loss.
<b>GBP</b>	means British pound sterling, being the lawful currency of the United Kingdom and <b>GBp</b> means British pence.
<b>GFC</b>	means global financial crisis.
<b>Group Company or Group</b>	means the Company or any associated body corporate.
<b>HIN</b>	means a Shareholder's Holder Identification Number.
<b>HK\$</b>	means Hong Kong dollars, being the lawful currency of Hong Kong.
<b>IFRS</b>	means International Financial Reporting Standards.
<b>IFRS 9</b>	means International Financial Reporting Standards 9 – Financial Instruments.
<b>IPO</b>	means initial public offer.
<b>Investigating Accountant's Report</b>	means the Investigating Accountant's Report by RSM Corporate Australia Pty Ltd included in this Prospectus at Section 7.
<b>Licensed Corporation</b>	has the meaning given to the term in section 116 or section 117 of the SFO.
<b>Licensed Representative</b>	has the meaning given to the term in section 120 and section 121 of the SFO.
<b>Listing</b>	means the admission of the Company to the Official List and Official Quotation of the securities of the Company.
<b>Listing Rules</b>	means the official listing rules of NSX.
<b>NSX</b>	means National Stock Exchange of Australia Limited ACN 000 902 063.
<b>Offer</b>	means the offer of 5,000,000 Shares for AU\$1.00 each to raise AU\$5,000,000.
<b>Official List</b>	means the official list of the NSX.
<b>Official Quotation</b>	means the quotation of securities on the securities market operated by NSX.
<b>Opening Date</b>	means the date the Offer opens, being 13 August 2022 or such other date and time as may be determined by the Directors.

<b>Original Prospectus</b>	means the prospectus lodged with ASIC on 29 July 2022.
<b>Phoenician Advisory</b>	means Phoenician Advisory Services Limited (company registration number 2399747).
<b>Phoenician Limited</b>	means Phoenician Limited (company registration number 1460323).
<b>Phoenician Securities</b>	means Phoenician Securities Limited (company registration number 2498529).
<b>Phoenician Services</b>	means Phoenician Services Limited (company registration number 3110608).
<b>Prospectus or Replacement Prospectus</b>	means this replacement prospectus dated 12 August 2022 and lodged with ASIC on that date.
<b>Renminbi or RMB</b>	means the official currency of China.
<b>Responsible Officer</b>	has the meaning given to the term in section 126 of the SFO.
<b>RQFII</b>	means Renminbi Qualified Foreign Institutional Investor.
<b>Schedule</b>	means a schedule to this Prospectus.
<b>Section</b>	means a section of this Prospectus.
<b>SFC</b>	means the Securities and Futures Commission of Hong Kong.
<b>SFO</b>	means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).
<b>SFO Substantial Shareholder</b>	has the meaning given to the term in section 6 of schedule 1 of the SFO.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means a holder of legal title to Shares (collectively).
<b>Share Registry or Australian Share Registry</b>	means Advanced Share Registry Services.
<b>SRN</b>	means Shareholder Reference Number.
<b>Subscription</b>	means the offer of 5,000,000 Shares in the Company at an issue price of AU\$1.00 per Share to raise AU\$5,000,000, being both the minimum and maximum subscription required under the Offer.
<b>UNCTAD</b>	means United Nations Conference on Trade and Development.
<b>US</b>	means the United States of America.
<b>US\$</b>	means United States dollars, being the lawful currency of the US.
<b>Zurich Capital Partners Limited</b>	means Zurich Capital Partners Limited (company number 3007653).

# Schedule 1 – Offer Application Form

**PHOENICIAN INTERNATIONAL LIMITED**

**ARBN 659 284 152**

Share Registrars use only	Broker/Dealer stamp only
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## Offer Application Form

This is an Application Form for Shares in **Phoenician International Limited (Company)** and relates to the offer of 5,000,000 Shares at an issue price of AU\$1.00 per Share to raise AU\$5,000,000 (**Offer**). The Offer is scheduled to close at 5:00pm (WST) on 24 August 2022 (**Closing Date**) unless extended, closed early or withdrawn. Applications must be received before that time to be valid. A person who gives another person access to this Application Form must at the same time give the other person access to the Prospectus and any additional supplementary prospectuses (if applicable).

**The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser.**

1 Number of Shares you are applying for 2 Total amount payable (multiply box 1 by \$1.00 per share)

<input style="width: 100%; height: 20px;" type="text"/> , <input style="width: 100%; height: 20px;" type="text"/> , <input style="width: 100%; height: 20px;" type="text"/>	A\$ <input style="width: 100%; height: 20px;" type="text"/> , <input style="width: 100%; height: 20px;" type="text"/> , <input style="width: 100%; height: 20px;" type="text"/> . <input style="width: 100%; height: 20px;" type="text"/>
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Applications for Shares must be a minimum of 2,000 Shares (\$2,000.00) and thereafter, in multiples of 1,000 Shares (\$1,000.00).

3 Write the name(s) you wish to register the Shares in (see reverse for instructions)

Name of Applicant 1

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Name of Applicant 2 or <Account Designation>

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Name of Applicant 3 or <Account Designation>

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4 Write your postal address here – to be registered against your holding

Number/Street

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Suburb/Town State Postcode

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5 CHESS Participants only – Holder Identification Number (HIN)

*Note: if the name and address details in sections 3 & 4 above do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.*

6 EMAIL ADDRESS (see reverse of form – this is for all communications legally permissible and despatched by the Company)

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7 TFN/ABN/EXEMPTION CODE

Applicant 1	Applicant #2	Applicant #3
<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>

If NOT an individual TFN/ABN, please note the type in the box  
C = Company; P = Partnership; T = Trust; S = Super Fund

8 PAYMENT DETAILS

You may elect to pay your Application Monies via either BPAY® or cheque (further details overleaf). Please indicate which payment option you have chosen by marking the relevant box below.

Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “PHOENICIAN INTERNATIONAL LIMITED” crossed “NOT NEGOTIABLE” and forwarded to Advanced Share Registry to arrive no later than the Closing Date.

<input type="checkbox"/>	<b>Payment By Cheque:</b> Please enter cheque, bank draft or money order details	<b>Drawer</b>	<b>Bank</b>	<b>Branch</b>	<b>Amount</b>
<b>OR</b>					
<input type="checkbox"/>	<b>Payment by BPAY® (if selected, your Application Form does not need to be completed and returned):</b> To pay via BPAY® please complete the online form available at <a href="http://www.advancedshare.com.au/IPQ-Offers">www.advancedshare.com.au/IPQ-Offers</a> and payment details will then be emailed to your nominated email address.				

9 CONTACT DETAILS

Please use details where we can contact you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

Telephone Number	Contact Name (PRINT)
(    )	

10 DECLARATION AND STATEMENTS

By lodging this Application Form:

- I/We declare that I/we have received a copy of the Replacement Prospectus dated 12 August 2022 issued by the Company and that I/we are eligible to participate in the Offer.
- I/We declare that all details and statements made by me/us are complete and accurate.
- I/We agree to be bound by the terms and conditions set out in the Replacement Prospectus and by the Constitution of the Company.
- I/We acknowledge that the Company will send me/us a paper copy of the Replacement Prospectus free of charge if I/we request so during the currency of the Replacement Prospectus.
- I/we authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and
- I/We acknowledge that returning this Application Form with the application monies will constitute my/our offer to subscribe for Shares in the Company and that no notice of acceptance of this Application will be provided.

## INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

### YOU SHOULD READ THE REPLACEMENT PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

Please complete all relevant sections of this Application Form using BLOCK LETTERS.

The below instructions are cross-referenced to each section of the Application Form.

#### 1 Number of Shares

Insert the number of Shares you wish to apply for in section 1. Your application must be a minimum of 2,000 Shares (\$2,000.00) and thereafter, in multiples of 1,000 Shares (\$1,000.00).

#### 2 Payment Amount

Enter into section 2 the total amount payable. Multiply the number of Shares applied for by \$1.00 – the application price per Share.

#### 3 Name(s) in which the Shares are to be registered

Note that ONLY legal entities can hold Shares. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

#### CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Trust
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample < Food Help Club A/C>	Food Help Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

#### 4 Postal Address

Enter into section 4 the postal address to be used for all written correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. Should you wish to receive a hard copy of the annual report you must notify the Share Registry. You can notify any change to your communication preferences by visiting the registry website – [www.advancedshare.com.au](http://www.advancedshare.com.au)

#### 5 CHESSE Holders

If you are sponsored by a stockbroker or other participant and you wish to have your allocation directed into your HIN, please complete the details in section 5.

#### 6 Email Address

The Company's annual report and company information will be available at Company's website. You may elect to receive all communications despatched by Phoenician International Limited electronically (where legally permissible) such as a notice of meeting, proxy form and annual report via email.

#### 7 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details in section 7. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.

#### 8 PAYMENT DETAILS

By making your payment, you confirm that you agree to all of the terms and conditions of the Offer as outlined on this Application Form and within the Prospectus.

##### Payment by Cheque

If Paying by Cheque, your cheque should be made payable to "PHOENICIAN INTERNATIONAL LIMITED" in Australian currency, crossed "NOT NEGOTIABLE" and drawn on an Australian branch of a financial institution. Please complete your cheque with the details overleaf and ensure that you submit the correct amount as incorrect payments may result in your Application being rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of Shares you apply for, you will be taken to have applied for such lower number of Shares as that amount will pay for, or your Application will be rejected.

##### Payment by BPAY®

If paying by BPAY, please complete the online form available at [www.advancedshare.com.au/IPO-Offers](http://www.advancedshare.com.au/IPO-Offers) and payment details will then be emailed to your nominated email address.

#### 9 Contact Details

Please enter contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your Application Form.

#### 10 Declaration

Before completing the Application Form the Applicant(s) should read the Prospectus in full. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares in the Company upon and subject to the terms of the Prospectus agrees to take any number of Shares equal to or less than the number of Shares indicated in Section 1 that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign this Application Form.

#### HOW TO LODGE YOUR APPLICATION FORM

Mail or deliver your completed Application Form with your cheque to the following address.

##### Mailing Address

Phoenician International Limited  
C/- Advanced Share Registry Limited  
PO Box 1156  
NEDLANDS WA 6909

##### Hand Delivery

Phoenician International Limited  
C/- Advanced Share Registry Limited  
110 Stirling Highway  
NEDLANDS WA 6009