
HISTORY AND CORPORATE STRUCTURE

OVERVIEW

Our Group is a leading one-stop financial technology platform transforming the investing experience with our fully digitalized securities brokerage and wealth management product distribution services in Hong Kong. We commenced our operations in December 2007 through Shenzhen Futu to provide internet technology and software development services. Since then, Mr. Li (our founder, chairman of the Board, executive Director and chief executive officer) has devoted his strong technology background and vision in financial technology industry and placed great emphasis on R&D and innovations in developing the Group's business. Futu International Hong Kong was incorporated in April 2012, obtained a Type 1 License for dealing in securities from the SFC, and successfully launched our proprietary Hong Kong securities trading system and commenced the operation of our online securities brokerage business in Hong Kong in October 2012. We have been led by our founder, Mr. Li, who has over 20 years of experience and expertise in the technology and internet sectors in China. Please see the section headed "Directors and Senior Management" for further details of the work experiences of Mr. Li.

In April 2014, our Company was incorporated under the laws of the Cayman Islands as our holding company. Our Company conducts its businesses through our subsidiaries and Consolidated Affiliated Entities controlled by us through the Contractual Arrangements. A securities brokerage service provider at inception, our Group is now an all-round online financial services platform, integrating trading, wealth management product distribution, market data and information, user community, investor education, and corporate services. As of the Latest Practicable Date, our Group held 51 licenses, registrations and memberships across Hong Kong, Singapore, the U.S., Australia and Europe, serving approximately 19.2 million users.

In March 2019, we listed the ADSs on the Nasdaq under the symbol "FHL" and currently traded under the symbol of "FUTU".

BUSINESS MILESTONES

The following is a summary of our key business development milestones:

Date	Event
December 2007	Our Group commenced its operations to provide internet technology and software development services.
October 2012	We obtained a Type 1 License for dealing in securities from the SFC, launched our proprietary Hong Kong securities trading system and commenced the operation of our online securities brokerage business in Hong Kong.
January 2018	We became registered in the U.S. as a broker-dealer.

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Date	Event
July 2018	We started to provide completely online-based account opening services as the first securities broker in Hong Kong.
March 2019	Our Company became listed on Nasdaq.
August 2019	We launched our wealth management product distribution services business on our platform.
March 2021	We launched <i>moomoo</i> in Singapore.
March 2022	We launched <i>moomoo</i> in Australia.

OUR MAJOR SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES

The principal business activities and dates and places of establishment of the major subsidiaries and Consolidated Affiliated Entities of our Group that made a material contribution to our results of operation during the Track Record Period are shown below:

Name	Principal business activities	Date of establishment of business	Place of establishment/incorporation
Futu International Hong Kong .	Financial services	April 2012	Hong Kong
Futu Securities (Hong Kong) Limited	Investment holding	May 2014	Hong Kong
Futu Network Technology Limited	Research and development and technology services	August 2015	Hong Kong
Futu Network Technology (Shenzhen) Co., Ltd.	Research and development and technology services	October 2015	PRC
Shensi Beijing	No substantial business	September 2014	PRC
Moomoo Financial Inc.	Financial services	December 2015	U.S.
Futu Clearing Inc.	Financial services	August 2018	U.S.
Moomoo Financial Singapore .	Financial services	December 2019	Singapore
Shenzhen Futu	Research and development and technology services	December 2007	PRC
Futu Australia	Financial services	February 2001 ⁽¹⁾	Australia

Note:

1. Futu Australia was acquired by the Company in November 2021.

For further details, please see note 1 to the Accountant's Report in Appendix IA to this document.

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CORPORATE DEVELOPMENT AND LISTING ON THE NASDAQ

In April 2014, our Company was incorporated under the laws of the Cayman Islands as our holding company. A securities brokerage service provider at inception, our Group is now an all-round online financial services platform, integrating trading, wealth management product distribution, market data and information, user community, investor education, and corporate services.

In 2016 and 2017, we had net losses of HK\$98.5 million and HK\$8.1 million, respectively. As a result, we recorded an accumulated deficit of HK\$148.9 million as of December 31, 2018, which resulted in a net liabilities position of approximately HK\$1,100.3 million as of the same date. We have become profitable since 2018, and witnessed an increase in the trading volume on our platform.

On March 8, 2019, the ADSs representing our Class A Ordinary Shares commenced trading on Nasdaq under the symbol “FHL” (currently traded under the symbol “FUTU”). Our Company issued and sold an aggregate of 8,625,000 ADSs (including 1,125,000 ADSs sold upon the full exercise of the underwriters’ over-allotment option), representing 69,000,000 Class A Ordinary Shares at a public offering price of US\$12.0 per ADS. Concurrently with the completion of our initial public offering, we issued and sold 46,666,666 Class A Ordinary Shares to General Atlantic Singapore FT Pte. Ltd., a non-U.S. and non-affiliated entity at the same price per Share. The net proceeds received by our Company from the initial public offering on Nasdaq and such concurrent private placement (after deducting commissions and offering expenses) were approximately US\$161.7 million (or approximately HK\$1,259.3 million).

On August 22, 2020, we completed our follow-on offering on Nasdaq where we issued and sold a total of 76,000,000 Class A Ordinary Shares represented by ADSs at a public offering price of US\$33.0 per ADS, raising net proceeds of approximately US\$301.8 million (or approximately HK\$2,339.7 million), after deducting commissions and offering expenses, to our Company.

On April 24, 2021, we completed another follow-on offering on Nasdaq where we issued and sold a total of 87,400,000 Class A Ordinary Shares represented by ADSs at a public offering price of US\$130.0 per ADS, raising net proceeds of approximately US\$1,397.5 million (or approximately HK\$10,856.5 million), after deducting commissions and offering expenses, to our Company.

Our Directors confirm that since the date of our listing on the Nasdaq and up to the Latest Practicable Date, we had no instances of non-compliance with the rules of the Nasdaq in any material respects and to the best knowledge of our Directors having made all reasonable enquiries, there is no matter that should be brought to investors’ attention in relation to our compliance record on the Nasdaq.

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REASONS FOR THE LISTING

Our Board is of the view that the Listing will present us with an opportunity to broaden our access to capital markets to grow our customer base, enhance our ecosystem, and continue to invest in our platform and expand our presence in various markets as disclosed in the sections headed “Business — Growth Strategies” in this document. As our Group had a long history commencing our online brokerage business in Hong Kong, it has additional strategic value to us to be listed in Hong Kong.

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Our Company was incorporated in the Cayman Islands on April 15, 2014 to serve as the holding company of our Group. Upon incorporation, our Company had an authorized share capital of US\$50,000.00 divided into 10,000,000 shares of a par value of US\$0.005 each. The major shareholding changes of our Company were as set out below:

Upon our incorporation, we issued one ordinary share to Nominees Services Ltd., which subsequently transferred such ordinary share to Mr. Li, our founder, chairman of the Board, executive Director and chief executive officer, for a consideration of US\$0.005. On the same date, we further issued 807,499 ordinary shares to Mr. Li for an aggregate consideration of US\$4,037.495.

On October 31, 2014, we issued 178,571 Series A preferred shares to Qiantang River Investment Limited for an aggregate consideration of US\$5.0 million, 71,429 Series A preferred shares to Matrix Partners China III Hong Kong Limited for an aggregate consideration of US\$2.0 million and 46,875 Series A-1 preferred shares to Sequoia Capital CV IV Holdco, Ltd. for an aggregate consideration of US\$1.5 million.

On May 27, 2015, we issued 160,715 Series B preferred shares to Qiantang River Investment Limited for an aggregate consideration of approximately US\$27.3 million, 9,740 Series B preferred shares to Matrix Partners China III Hong Kong Limited for an aggregate consideration of approximately US\$1.7 million and 6,392 Series B preferred shares to Sequoia Capital CV IV Holdco, Ltd. for an aggregate consideration of approximately US\$1.1 million.

On September 22, 2016, we effected a one-to-500 share split whereby (A) all of our 807,500 ordinary shares of par value US\$0.005 each issued and outstanding at the time, were converted into 403,750,000 ordinary shares of par value US\$0.00001 each; (B) all of our 250,000 Series A preferred shares of par value US\$0.005 each issued and outstanding at the time were converted into 125,000,000 Series A preferred shares of par value US\$0.00001 each; (C) all of our 46,875 Series A-1 preferred shares of par value US\$0.005 each issued and outstanding at the time were converted into 23,437,500 Series A-1 preferred shares of par value US\$0.00001 each; and (D) all of our 176,847 Series B preferred shares of par value US\$0.005 each issued and outstanding at the time were converted into 88,423,500 Series B preferred shares of par value US\$0.00001 each. As a result of the share split, the number of our total authorized shares was increased from 10,000,000 to 5,000,000,000 on September 22, 2016, among which the number of our authorized ordinary shares was increased from 9,526,278 to

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4,763,139,000, the number of our authorized Series A preferred shares was increased from 250,000 to 125,000,000, the number of our authorized Series A-1 preferred shares was increased from 46,875 to 23,437,500 and the number of our authorized Series B preferred shares was increased from 176,847 to 88,423,500. The share split has been retroactively reflected for all periods presented herein.

On May 22, 2017, we issued 128,844,812 Series C preferred shares to Image Frame Investment (HK) Limited for an aggregate consideration of US\$91.4 million, 7,381,311 Series C-1 preferred shares to Matrix Partners China III Hong Kong Limited for an aggregate consideration of US\$7.6 million and 4,843,971 Series C-1 preferred shares to SCC Venture VI Holdco, Ltd. for an aggregate consideration of US\$5.0 million.

On November 24, 2017, Image Frame Investment (HK) Limited transferred 28,205,205 Series C preferred shares to TPP Follow-on I Holding A Limited for an aggregate consideration of US\$20.0 million and 29,615,465 Series C preferred shares to TPP Opportunity I Holding A Limited for an aggregate consideration of US\$21.0 million.

On March 8, 2019, we issued a total of 115,666,666 Class A Ordinary Shares pursuant to our initial public offering on the Nasdaq and the concurrent private placement. On August 22, 2020, we issued and sold a total of 76,000,000 Class A Ordinary Shares represented by ADSs at a public offering price of US\$33.00 per ADS. On April 24, 2021, we issued and sold a total of 87,400,000 Class A Ordinary Shares represented by ADSs at a public offering price of US\$130.00 per ADS. Further details of our initial public offering on Nasdaq and the follow-on offerings are set out in the section headed “— Listing on the Nasdaq.”

In December 2020, we raised US\$262.5 million in net proceeds from the private placement of 53,600,000 Class A Ordinary Shares in the form of Pre-Funded Warrants to a leading global investment firm at a price of US\$4.89751 less a nominal exercise price of US\$0.00001 per pre-funded warrant. Such Pre-Funded Warrants were immediately exercisable and had a termination date in June 2022. On June 11, 2021, the Pre-Funded Warrants were exercised in full and 53,599,890 Class A Ordinary Shares have been issued upon full exercise of such Pre-Funded Warrants.

Please also see the paragraphs headed “Appendix IV — Statutory and General Information — A. Further Information about our Group — 2. Changes in share capital of our Company” and “Appendix IV — Statutory and General Information — A. Further Information about our Group — 3. Changes in the share capital of our major subsidiaries and Consolidated Affiliated Entities” for further details.

Our Group adopted a WVR structure, consisting of Class A Ordinary Shares and Class B Ordinary Shares, which became effective immediately prior to the completion of our Company’s initial public offering on the Nasdaq. Immediately prior to the completion of our initial public offering on the Nasdaq, (i) all of the then issued and outstanding preferred shares were converted and re-designated into ordinary shares on a one-to-one basis; (ii) all of the ordinary shares ultimately held by the Company’s founder, chairman of the Board, executive

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Director, and chief executive officer, Mr. Li, and 140,802,051 ordinary shares (including such ordinary shares converted from the re-designation of preferred shares) held by Qiantang River Investment Limited were re-designated into Class B Ordinary Shares on a one-to-one basis; and (iii) all of the remaining ordinary shares (including ordinary shares resulting from the conversion and re-designation of preferred shares) were re-designated into Class A Ordinary Shares on a one-to-one basis. In respect of matters requiring the votes of shareholders, holders of Class A Ordinary Shares were entitled to one vote per share, while holders of Class B Ordinary Shares were entitled to 20 votes per share upon the completion of the initial public offering on the Nasdaq.

Tencent Group has been our principal shareholder since October 2014. Our Group works with Tencent Group across a number of cooperation areas in a mutually beneficial relationship, and such collaboration is in part driven by our shared values of technological excellence and innovation. For further details of the transactions between our Group and Tencent Group upon Listing, please refer to the section headed “Connected Transactions” in this document. As of the Latest Practicable Date, Tencent Group, through Qiantang River Investment Limited, beneficially owned an aggregate of 140,802,051 Class B Ordinary Shares. On October 25, 2021, the relevant Tencent Entity delivered a share conversion notice to the Company to convert all of the 140,802,051 Class B Ordinary Shares held by it to Class A Ordinary Shares, on a one-to-one basis, upon Listing. Each Class B Ordinary Share is convertible into one Class A Ordinary Share at any time by the holder thereof. Upon the conversion of 140,802,051 Class B Ordinary Shares held by such relevant Tencent Entity into Class A Ordinary Shares, the Company will issue 140,802,051 Class A Ordinary Shares, representing approximately 16.10% the total number of issued Class A Ordinary Shares upon completion of the Introduction and conversion of Class B Ordinary Shares into Class A Ordinary Shares (assuming no further Shares are issued under the Share Incentive Plans between the Latest Practicable Date and the Listing Date).

On November 21, 2022, pursuant to our existing Articles of Association, Mr. Li, being the WVR Beneficiary, delivered an irrevocable written consent to the Company to consent to the modification of voting rights attached to each Class B Ordinary Share from 20 votes to ten votes pursuant to Rule 8A.10 of the Listing Rules, effective upon the Listing. As advised by our legal advisor as to Cayman Islands laws, such an irrevocable agreement from Mr. Li will constitute his legal, valid and binding obligations enforceable in accordance with its terms, and do not conflict with or result in a breach of any of the terms or provisions of the Company’s existing Articles or any law, public rule or regulation applicable to the Company currently in force in the Cayman Islands. The modification of voting rights attached to each Class B Ordinary Shares from 20 votes to ten votes pursuant to Rule 8A.10 of the Listing Rules will become legally valid and effective as a matter of Cayman Islands corporate law when our existing Articles are amended in line with the Listing Rules requirements (including the modification of the number of votes per Class B Ordinary Share from 20 votes to ten votes) at the Company’s general meeting to be convened on or before June 30, 2023.

Please also see the section headed “Share Capital — Weighted Voting Rights Structure” for further details.

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OUR INVESTORS PRIOR TO THE NASDAQ LISTING

The Company has received meaningful third-party investment from investors over the past years. In October 2014, Tencent Group participated in the equity fundraising of the Company, and as of the Latest Practicable Date, based on the information available to the Company, held approximately 22.2% of the total issued share capital of the Company and approximately 35.0% of the voting power of the total issued and outstanding share capital of the Company.

Tencent is a company incorporated in the Cayman Islands and listed on the Stock Exchange (stock code: 700). Tencent Group is a leading provider of Internet value-added services in China, including communications and social, digital content, advertising, fintech and cloud services, and has closely collaborated with the Company over the years across areas such as business services and technology infrastructure.

Tencent Group is expected to be a substantial shareholder of our Company following the Listing. Tencent Group is a sophisticated investor of our Company and in accordance with Guidance Letter HKEX-GL93-18, has undertaken to the Company that it will retain an aggregate 50% of its investment at the time of the Listing for a period of six months following the Listing.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We have not conducted any acquisitions, disposals or mergers since our inception that we consider to be material to us.

PRC REGULATORY REQUIREMENTS

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), or the M&A Rules, jointly issued by MOFCOM, the State-Owned Assets Supervision and Administration Commission of the State Council of the PRC, the SAT, the CSRC, the SAIC (currently known as the SAMR) and the SAFE on August 8, 2006, effective as of September 8, 2006 and amended on June 22, 2009 with immediate effect, require that a special purpose vehicle, formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals through acquisitions of shares of or equity interests in PRC domestic companies, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

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Our PRC Legal Advisors are of the opinion that prior CSRC approval for the Listing is not required because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether listings like ours under this document are subject to the M&A Rules; (ii) our wholly-owned PRC subsidiaries were not established through mergers or acquisitions of domestic companies owned by PRC companies or individuals as defined under the M&A Rules that are the beneficial owners of our Company; and (iii) that no provision in the M&A Rules clearly classified contractual arrangements as a type of transaction subject to the M&A Rules. However, our PRC Legal Advisors further advise that there is uncertainty as to how the M&A Rules will be interpreted or implemented.

SAFE REGISTRATION IN THE PRC

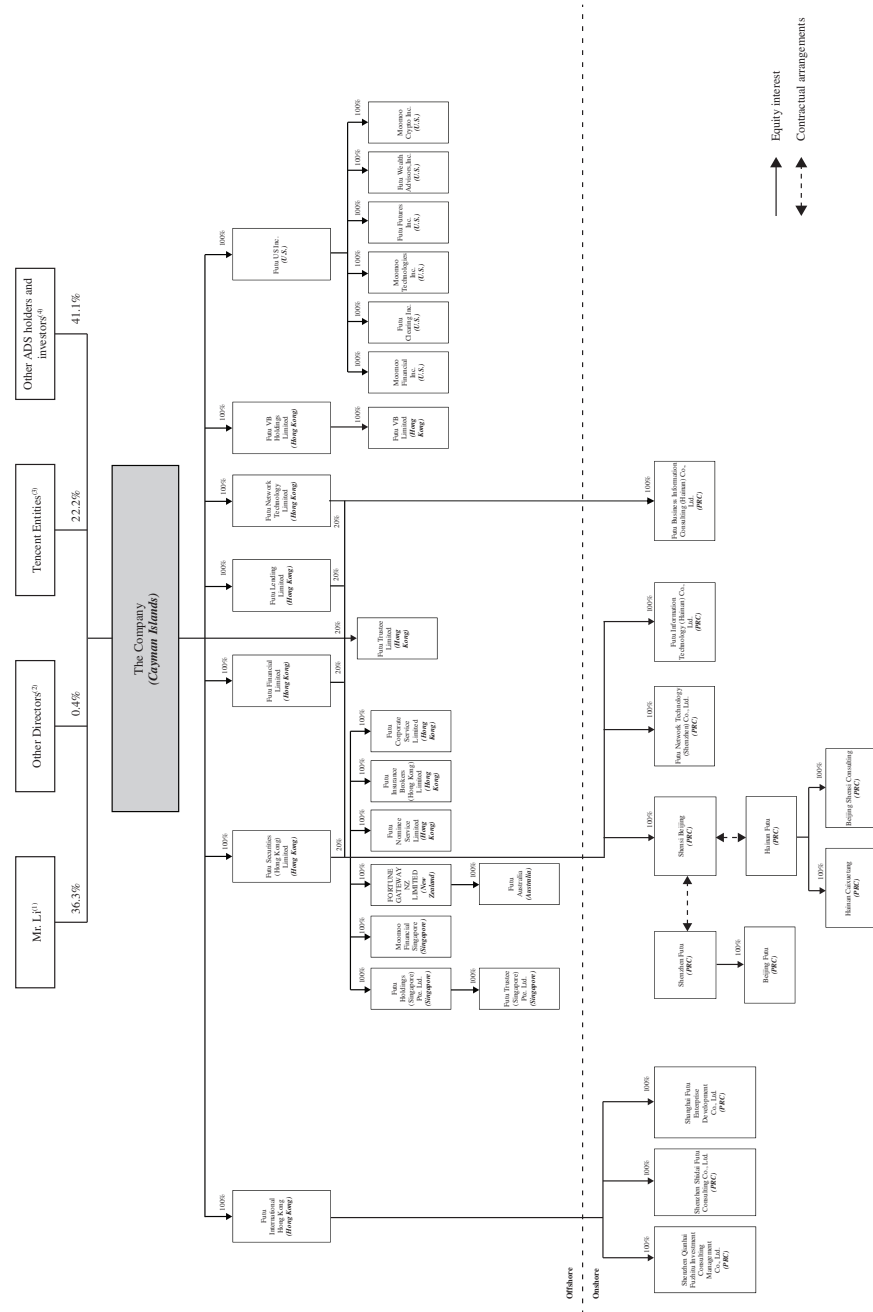
Pursuant to the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment, Financing and Round Trip Investment via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or SAFE Circular 37, promulgated by SAFE on July 4, 2014 with immediate effect which replaced the Circular of the SAFE on Foreign Exchange Administration of Equity Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular 75, (a) a PRC resident must register with the local SAFE counterpart before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC resident is also required to register with the local SAFE counterpart for any major change in respect of the Overseas SPV, including, among other things, a change of Overseas SPV’s PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Notice on Further Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or the SAFE Circular 13, promulgated by SAFE on February 13, 2015 and became effective on June 1, 2015, the power of foreign exchange registration was delegated from the local SAFE counterpart to qualified local banks where the domestic entity was incorporated.

As advised by our PRC Legal Advisors, Mr. Li has completed the registration under the SAFE Circular 37.

OUR STRUCTURE

The following diagram illustrates the simplified corporate and shareholding structure of our Group immediately upon Listing (assuming there is no change in the shareholding of the public Shareholders from the Latest Practicable Date to immediately prior to the Introduction, without taking into account the Class A Ordinary Shares issued to our depository bank for bulk issuance of ADS and reserved for future issuance under the Share Incentive Plans, and assuming no further Shares are issued under the Share Incentive Plans between the Latest Practicable Date and the Listing Date):



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Notes:

- (1) Representing 100,000,000 Class A Shares (of which 50,000,000 Class A Ordinary Shares are represented by 6,250,000 ADSs held of record) by Lera Ultimate Limited, 202,812,500 Class B Ordinary Shares held by Lera Ultimate Limited, 36,937,500 Class B Ordinary Shares held by Lera Infinity Limited, 64,000,000 Class A Ordinary Shares held by Lera Infinity Limited and 86,568 Class A Ordinary Shares represented by Mr. Li. Lera Ultimate Limited is a BVI business company ultimately owned by Lera Direction Plus Trust and Lera Infinity Limited is a BVI business company ultimately owned by Lera Target Trust. Lera Direction Plus Trust and Lera Target Trust were established by Mr. Li (as the settlor) for the benefit of Mr. Li and his family. Mr. Li has the sole power to direct the retention or disposal of, and the exercise of any voting and other rights attached to the shares held by Lera Ultimate Limited and Lera Infinity Limited in our Company. Mr. Li is deemed to be interested in the Shares held by Lera Ultimate Limited and Lera Infinity Limited.
- (2) Representing:
 - (a) 1,442,720 Class A Ordinary Shares held by Mr. Shan Lu;
 - (b) 3,336,000 Class A Ordinary Shares held by Mr. Nineway Jie Zhang; and
 - (c) 760 Class A Ordinary Shares held by Mr. Yijiang Wang.
- (3) Representing (a) 169,643,000 Class A Ordinary Shares directly held by Qiantang River Investment Limited; (b) 71,024,142 Class A Ordinary Shares held by Image Frame Investment (HK) Limited; (c) 1,161,840 Class A Ordinary Shares represented by 145,230 ADSs held of record by TPP Opportunity GP I, Ltd.; (d) 5,412,888 Class A Ordinary Shares represented by 676,611 ADSs held of record by Tencent Mobility Limited; and (e) 176,792 Class A Ordinary Shares represented by 22,099 ADSs held of record by Distribution Pool Limited.
- (4) Representing Shareholders who, to the best knowledge of the Directors, hold less than 5% of our issued share capital and are independent third parties.