

**APPENDIX I**

**ACCOUNTANTS' REPORT**

*The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, Crowe Horwath (HK) CPA Limited, Certified Public Accountants, Hong Kong.*



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[Date] 2014

The Directors  
ICO Group Limited

New Spring Capital Limited

Dear Sirs,

**INTRODUCTION**

We set out below our report on the financial information relating to ICO Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the combined statements of financial position of the Group as at 31 March 2013, 31 March 2014 and 30 June 2014, and the combined statements of profit or loss, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 March 2013 and 2014 and three months ended 30 June 2014 (the "Track Record Period"), together with the explanatory information thereto (the "Financial Information"), for inclusion in the [REDACTED] of the Company dated [Date] 2014 (the "[REDACTED]").

The Company was incorporated in the Cayman Islands on 26 April 2013 as an exempted company with limited liability under the Companies Law (as Revised) of the Cayman Islands, as amended, supplemented and/or otherwise modified from time to time. Pursuant to a group reorganisation completed on [Date] (the "Reorganisation") as detailed in the section headed "History, Reorganisation and Group Structure" in the [REDACTED], the Company became the holding company of the companies now comprising the Group, details of which are set out in Section A below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganisation.

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As at the date of this report, no audited financial statements have been prepared for the Company and below companies within the Group, as they either have not carried on any business since the date of incorporation, or are investment holding companies, or were newly established that their first statutory audits are not yet come, or not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation:

Name of company	Financial years
Great Talent Holdings Limited	Years ended 31 March 2013 and 2014
Wide Ocean Technologies Limited	Years ended 31 March 2013 and 2014
Value Digital Limited	Years ended 31 March 2013 and 2014
Wide Faith Management Limited	Years ended 31 March 2013 and 2014
Digital Faith International Limited	Years ended 31 March 2013 and 2014
ICO Group Holdings Limited (incorporated on 6 May 2013)	—
ICO Investments Limited (incorporated on 18 April 2013)	—

Except for Tian Li Shi Software Development (Shenzhen) Co. Ltd. (天利時軟件開發(深圳)有限公司), all the companies now comprising the Group have adopted 31 March as their financial year end date. Details of the companies comprising the Group that were subject to audit during the Track Record Period and the names of the respective auditors are set out in note 27 of section C.

The directors of the Company have prepared the combined financial statements of the Group for the Track Record Period (the "Underlying Financial Statements") in accordance with the basis of preparation set out in Section A below and the accounting policies set out in Section C below. The Underlying Financial Statements for each of the years ended 31 March 2013 and 2014 and the three months ended 30 June 2014 were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company for inclusion in the [REDACTED] in connection with the [REDACTED] of shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the [REDACTED] of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

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### **REPORTING ACCOUNTANTS' RESPONSIBILITY**

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 June 2014.

### **OPINION**

In our opinion, the Financial Information gives, for the purpose of this report, on the basis of preparation set out in Section A below, a true and fair view of the combined state of affairs of the Group as at 31 March 2013 and 2014 and 30 June 2014 and the Group's combined results and cash flows for the Track Record Period then ended.

### **CORRESPONDING FINANCIAL INFORMATION**

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the combined statement of profit or loss, the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the three months ended 30 June 2013, together with the explanatory information thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

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**A. BASIS OF PREPARATION**

The Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 26 April 2013. Pursuant to the Reorganisation completed on [Date], the Company became the holding company of the companies now comprising the Group. The companies taking part in the Reorganisation were controlled by the same ultimate equity shareholders, namely Lee Cheong Yuen, Chan Kwok Pui, Yong Man Kin and Tam Kwok Wah (the "Controlling Shareholders") during the Track Record Period.

As the companies now comprising the Group were controlled by the Controlling Shareholders before and after the Reorganisation, there was a continuation of the risks and benefits to the Controlling Shareholders and, therefore, the Reorganisation is considered to be a restructuring of business under common control. The Financial Information has been prepared using the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period. The assets and liabilities of the companies comprising the Group are combined using the existing book values from the Controlling Shareholders' perspective.

The combined statements of profit or loss, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for the Track Record Period include the results of operations of the companies now comprising the Group (or where the companies were incorporated at a date later than 1 April 2012, for the period from the date of incorporation to 30 June 2014) as if the current group structure had been in existence and remained throughout the Track Record Period. The combined statements of financial position of the Group as at 31 March 2013 and 2014 and 30 June 2014 have been prepared to present the state of affairs of the companies now comprising the Group as at the those dates as if the current group structure had been in existence as at the respective dates.

All material intra-group transactions and balances have been eliminated on combination.

At the date of this report, the Company had direct or indirect interests in the following subsidiaries, all of which are private companies. The particulars of these subsidiaries are set out below:

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital/ registered capital	Attributable equity interest		
			Group's effective interest	Held by the Company	Held by a Principal subsidiary activities
Great Talent Holdings Limited	The British Virgin Islands ("BVI") 10 February 2000	US\$100	100%	100%	— Investment holding
Wide Ocean Technologies Limited	BVI 1 February 2000	US\$100	100%	100%	— Investment holding
ICO Holdings Limited	Hong Kong 15 March 2000	HK\$10,000	100%	—	100% Investment holding
ICO Group Holdings Limited	Hong Kong 6 May 2013	HK\$1	100%	—	100% Not yet commenced its business

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Name of company	Place and date of incorporation/ establishment	Issued and paid up capital/ registered capital	Attributable equity interest			
			Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
ICO Investments Limited	Hong Kong 18 April 2013	HK\$1	100%	—	100%	Not yet commenced its business
Wide Faith Management Limited	BVI 5 January 2000	US\$1	100%	—	100%	Investment holding
Value Digital Limited	BVI 17 May 2002	US\$1	100%	—	100%	Dormant
Digital Faith International Limited	BVI 2 January 2002	US\$1	100%	—	100%	Dormant
ICO Limited ("ICO HK")	Hong Kong 29 October 1992	HK\$1,000,000	100%	—	100%	Provision of information technology services
ICO Technology Limited ("ICO Technology")	Hong Kong 26 September 1995	HK\$1,000,000	51%	—	51%	Provision of information technology services
Tian Li Shi Software Development (Shenzhen) Limited (天利時軟件開發(深圳)有限公司) ( <i>see note below</i> )	The People's Republic of China (the "PRC") 1 September 2009	HK\$600,000	100%	—	100%	Provision of information technology services

*Note:* For Tian Li Shi Software Development (Shenzhen) Limited, the English translation of the name is for reference only and the official name of this entity is in Chinese.

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**B. COMBINED FINANCIAL INFORMATION**

**1. Combined statements of profit or loss**

	<i>Note</i>	<b>Year ended 31 March</b>		<b>Three months ended 30 June</b>	
		<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(Unaudited)	
Turnover	3	196,152	189,984	43,357	38,304
Cost of sales		<u>(150,792)</u>	<u>(150,957)</u>	<u>(33,891)</u>	<u>(29,557)</u>
<b>Gross profit</b>		45,360	39,027	9,466	8,747
Other revenue	4	650	344	57	216
Other net income	5	622	139	182	40
General and administrative expenses		<u>(28,753)</u>	<u>(36,927)</u>	<u>(8,214)</u>	<u>(9,036)</u>
<b>Profit/(loss) from operations</b>		17,879	2,583	1,491	(33)
Finance costs	6(a)	(362)	(147)	(46)	(46)
Impairment loss on assets of disposal group classified as held for sale		<u>(1,202)</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Profit/(loss) before taxation</b>	6	16,315	2,436	1,445	(79)
Income tax	7	<u>(3,518)</u>	<u>(1,806)</u>	<u>(640)</u>	<u>(151)</u>
<b>Profit/(loss) for the year/ period</b>		<u>12,797</u>	<u>630</u>	<u>805</u>	<u>(230)</u>
<b>Attributable to:</b>					
Equity owners of the Company		12,886	(1,590)	346	(606)
Non-controlling interests		<u>(89)</u>	<u>2,220</u>	<u>459</u>	<u>376</u>
		<u>12,797</u>	<u>630</u>	<u>805</u>	<u>(230)</u>

The accompanying notes form part of the Financial Information.

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**2. Combined statements of profit or loss and other comprehensive income**

	Year ended 31 March		Three months ended	
			30 June	
	2013	2014	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Unaudited)	
<b>Profit/(loss) for the year/period</b>	<u>12,797</u>	<u>630</u>	<u>805</u>	<u>(230)</u>
<b>Other comprehensive income/(loss) for the year/period</b>				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences:				
— on translation of financial statements of entities outside Hong Kong	(5)	16	(43)	3
— reclassification adjustments for an amount transferred to profit or loss upon the disposal of foreign operations	<u>—</u>	<u>(36)</u>	<u>(36)</u>	<u>—</u>
	<u><u>(5)</u></u>	<u><u>(20)</u></u>	<u><u>(79)</u></u>	<u><u>3</u></u>
<b>Total comprehensive income/(loss) for the year/period</b>	<u><u>12,792</u></u>	<u><u>610</u></u>	<u><u>726</u></u>	<u><u>(227)</u></u>
<b>Attributable to:</b>				
Equity owners of the Company	12,853	(1,610)	267	(603)
Non-controlling interests	<u>(61)</u>	<u>2,220</u>	<u>459</u>	<u>376</u>
	<u><u>12,792</u></u>	<u><u>610</u></u>	<u><u>726</u></u>	<u><u>(227)</u></u>

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**3. Combined statements of financial position**

		<b>As at 31 March</b>		<b>As at</b>
	<i>Note</i>	<b>2013</b>	<b>2014</b>	<b>30 June</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<b>2014</b>
				<i>HK\$'000</i>
<b>Non-current assets</b>				
Plant and equipment	11	807	1,198	1,117
Intangible assets	12	<u>30</u>	<u>22</u>	<u>40</u>
		837	1,220	1,157
<b>Current assets</b>				
Trade and other receivables	13	44,898	46,783	40,321
Pledged bank deposits	14	2,898	—	—
Tax recoverable	19(a)	—	1,100	1,696
Cash and cash equivalents	15	<u>20,431</u>	<u>14,005</u>	<u>12,612</u>
		68,227	61,888	54,629
Assets of disposal group classified as held for sale	20	<u>1,530</u>	—	—
		69,757	61,888	54,629
<b>Current liabilities</b>				
Bank borrowings	16	(4,377)	(3,343)	(4,152)
Trade and other payables	17	(25,757)	(34,709)	(27,018)
Obligation under finance lease	18	—	(339)	(345)
Current taxation	19(a)	<u>(2,279)</u>	<u>(387)</u>	<u>(257)</u>
		(32,413)	(38,778)	(31,772)
Liabilities of disposal group classified as held for sale	20	<u>(1,749)</u>	—	—
		(34,162)	(38,778)	(31,772)
<b>Net current assets</b>				
		<u>35,595</u>	<u>23,110</u>	<u>22,857</u>
<b>Total assets less current liabilities</b>				
		36,432	24,330	24,014
<b>Non-current liabilities</b>				
Obligation under finance lease	18	—	(149)	(60)
Deferred tax liabilities	19(b)	(82)	(161)	(161)
		(82)	(310)	(221)
<b>Net assets</b>				
		<u>36,350</u>	<u>24,020</u>	<u>23,793</u>
<b>Capital and reserves</b>				
Share capital	21	1	1	1
Reserves		<u>34,716</u>	<u>21,185</u>	<u>20,582</u>
<b>Total equity attributable to equity owners of the Company</b>				
		34,717	21,186	20,583
Non-controlling interests		<u>1,633</u>	<u>2,834</u>	<u>3,210</u>
<b>Total equity</b>				
		<u>36,350</u>	<u>24,020</u>	<u>23,793</u>

The accompanying notes form part of the Financial Information.



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**4. Combined statements of changes in equity**

	Attributable to equity owners of the Company				Non-controlling interest HK\$'000	Total equity HK\$'000
	Capital HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000		
<b>Balance at 1 April 2012</b>	1	(205)	25,668	25,464	1,694	27,158
<b>Changes in equity for 2012/13:</b>						
Profit/(loss) for the year	—	—	12,886	12,886	(89)	12,797
Other comprehensive income/(loss) for the year	—	(33)	—	(33)	28	(5)
Total comprehensive income/(loss) for the year	—	(33)	12,886	12,853	(61)	12,792
Interim dividend declared to the controlling equity owners of the Company in respect of the current year	—	—	(3,600)	(3,600)	—	(3,600)
<b>Balance at 31 March 2013</b>	<u>1</u>	<u>(238)</u>	<u>34,954</u>	<u>34,717</u>	<u>1,633</u>	<u>36,350</u>
<b>Balance at 1 April 2013</b>	1	(238)	34,954	34,717	1,633	36,350
<b>Changes in equity for 2013/14:</b>						
Profit/(loss) for the year	—	—	(1,590)	(1,590)	2,220	630
Other comprehensive loss for the year	—	(20)	—	(20)	—	(20)
Total comprehensive income/(loss) for the year	—	(20)	(1,590)	(1,610)	2,220	610
Disposal of subsidiaries	—	—	—	—	2,215	2,215
Interim dividend declared to non-controlling shareholders	—	—	—	—	(3,234)	(3,234)
Interim dividend declared to the controlling equity owners of the Company in respect of the current year	—	—	(11,921)	(11,921)	—	(11,921)
<b>Balance at 31 March 2014</b>	<u>1</u>	<u>(258)</u>	<u>21,443</u>	<u>21,186</u>	<u>2,834</u>	<u>24,020</u>
<b>Balance at 1 April 2014</b>	1	(258)	21,443	21,186	2,834	24,020
<b>Changes in equity for the three months ended 30 June 2014:</b>						
Profit/(loss) for the period	—	—	(606)	(606)	376	(230)
Other comprehensive income for the period	—	3	—	3	—	3
Total comprehensive income/(loss) for the period	—	3	(606)	(603)	376	(227)
<b>Balance at 30 June 2014</b>	<u>1</u>	<u>(255)</u>	<u>20,837</u>	<u>20,583</u>	<u>3,210</u>	<u>23,793</u>
<b>(Unaudited)</b>						
<b>Balance at 1 April 2013</b>	1	(238)	34,954	34,717	1,633	36,350
<b>Changes in equity for the three months ended 30 June 2013:</b>						
Profit for the period	—	—	346	346	459	805
Other comprehensive loss for the period	—	(79)	—	(79)	—	(79)
Total comprehensive income for the period	—	(79)	346	267	459	726
Disposal of subsidiaries	—	—	—	—	2,215	2,215
Interim dividend declared to the non-controlling shareholders	—	—	—	—	(3,234)	(3,234)
Interim dividend declared to the controlling equity owners of the Company in respect of the current period	—	—	(3,366)	(3,366)	—	(3,366)
<b>Balance at 30 June 2013</b>	<u>1</u>	<u>(317)</u>	<u>31,934</u>	<u>31,618</u>	<u>1,073</u>	<u>32,691</u>

The accompanying notes form part of the Financial Information.

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**5. Combined statements of cash flows**

	<i>Note</i>	Year ended 31 March		Three months ended 30 June	
		2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i>
<b>Operating activities</b>					
Profit/(loss) before taxation		16,315	2,436	1,445	(79)
Adjustments for:					
Depreciation and amortisation		650	462	96	126
Interest income		(47)	(16)	(12)	(1)
Finance costs		362	147	46	46
Write-back of amount due from a related company		(422)	—	—	—
Impairment loss on assets of disposal group classified as held for sale		1,202	—	—	—
Net foreign exchange difference		(59)	17	(50)	3
		<u>18,001</u>	<u>3,046</u>	<u>1,525</u>	<u>95</u>
Changes in working capital:					
(Increase)/decrease in trade and other receivables		(1,674)	(1,887)	(8,222)	6,462
(Decrease)/increase in trade and other payables		(9,829)	5,945	5,247	(6,676)
		<u>6,498</u>	<u>7,104</u>	<u>(1,450)</u>	<u>(119)</u>
<b>Cash generated from/ (used in) operations</b>					
Income tax paid		(1,873)	(4,719)	—	(877)
		<u>4,625</u>	<u>2,385</u>	<u>(1,450)</u>	<u>(996)</u>
<b>Net cash generated from/ (used in) operating activities</b>					
<b>Investing activities</b>					
Payment for purchase of plant and equipment		(222)	(166)	(79)	(40)
Payment for purchase of intangible assets		—	(5)	—	(23)
Net cash inflow arising from the disposal of subsidiaries	25	—	775	775	—
(Increase)/decrease in pledged bank deposits		(9)	2,898	2,898	—
Interest received		47	16	12	1
		<u>(184)</u>	<u>3,518</u>	<u>3,606</u>	<u>(62)</u>
<b>Net cash (used in)/generated from investing activities</b>					

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	<i>Note</i>	<b>Year ended 31 March</b>		<b>Three months ended 30 June</b>	
		<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(Unaudited)	
<b>Financing activities</b>					
Proceeds from new bank loans		3,000	4,000	—	—
Repayment of bank loans		(5,516)	(5,016)	(3,067)	(992)
(Repayment to)/advance from related parties		(63)	3,988	(792)	(1,015)
Capital element of finance lease rentals paid		—	(186)	—	(83)
Interest element of finance lease rentals paid		—	(26)	—	(9)
Other borrowing costs paid		(362)	(121)	(46)	(37)
Dividend paid to non-controlling shareholders		(1,960)	(4,214)	—	—
Dividend paid to equity owners of the Company		<u>(3,375)</u>	<u>(11,921)</u>	<u>—</u>	<u>—</u>
<b>Net cash used in financing activities</b>		<u><b>(8,276)</b></u>	<u><b>(13,496)</b></u>	<u><b>(3,905)</b></u>	<u><b>(2,136)</b></u>
<b>Net decrease in cash and cash equivalents</b>					
		(3,835)	(7,593)	(1,749)	(3,194)
Cash and cash equivalents at the beginning of the year/period		25,418	21,598	21,598	14,005
Effect of changes in foreign exchange rate		<u>15</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Cash and cash equivalents at the end of the year/period</b>	<i>15</i>	<u><b>21,598</b></u>	<u><b>14,005</b></u>	<u><b>19,849</b></u>	<u><b>10,811</b></u>

The accompanying notes form part of the Financial Information.

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### C. NOTES TO THE FINANCIAL INFORMATION

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Further details of the significant accounting policies adopted are set out in the remainder of this note 1 under Section C.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Group has adopted all these new and revised HKFRSs to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations which are not yet effective for the Track Record Period and which have not been early adopted in this Financial Information are set out in note 26 under Section C.

The Financial Information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for the Track Record Period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

The accounting policies set out below have been applied consistently to all periods presented in this Financial Information.

The Corresponding Financial Information for the three months ended 30 June 2013 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

##### (b) Basis of preparation of the Financial Information

The Financial Information comprises the Company and its subsidiaries and has been prepared using the merger basis of accounting as if the Group had always been in existence, as further explained in Section A.

##### (c) Basis of measurement of the Financial Information

The Financial Information is presented in Hong Kong dollars ("HK\$"), rounded to the nearest thousand, which is the functional currency of the Company and its subsidiaries carrying on business in Hong Kong.

The measurement basis used in the preparation of the Financial Information is the historical cost basis.

Assets of disposal group held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(u)).

##### (d) Use of estimates and judgments

The preparation of the Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 2 under Section C.

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### (e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The financial statements of subsidiaries are included in the Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the combined statement of financial position within equity, separately from equity attributable to the equity owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the combined statement of profit or loss and the combined statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the reporting period between non-controlling interests and the equity owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the combined statement of financial position in accordance with notes 1(m) or (n) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within combined equity to reflect the change in relative interests, but no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

### (f) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(i)(ii)).

Gains or losses arising from the retirement or disposal of an item of plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

— Leasehold improvements	5 years
— Computer equipment	4 years
— Furniture and other office equipment	4-5 years
— Motor vehicles	4 years

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Where parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

### (g) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 1(t)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(i)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(i)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Acquired computer software	4 years
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Both the period and method of amortisation are reviewed annually.

### (h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

#### (i) *Classification of assets leased to the Group*

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

#### (ii) *Assets acquired under finance leases*

Where the Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 1(f). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(i)(ii). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

#### (iii) *Operating lease charges*

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

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### (i) Impairment of assets

#### (i) *Impairment of trade and other receivables*

Trade and other receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decrease and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

#### (ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- Plant and equipment; and
- Intangible assets

If any such indication exists, the asset's recoverable amount is estimated.

#### — *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific

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to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior reporting periods. Reversals of impairment losses are credited to profit or loss in the reporting period in which the reversals are recognised.

**(j) Project contracts in progress**

Project contracts in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (see note 1(r)(i)) less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Project contracts in progress is presented as "Gross amounts due from customers for contract work" (as part of trade and other receivables) in the statement of financial position for all contracts in which costs incurred plus recognised profits less recognised losses exceed progress billings. If progress billings exceed costs incurred plus recognised profits less recognised losses, then the difference is presented as "Gross amounts due to customers for contract work" (as part of trade and other payables) in the statement of financial position.

**(k) Trade and other receivables**

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(i)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

**(l) 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 months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**(m) Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.



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### (n) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (o) Employee benefits

#### (i) Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the reporting period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

#### (ii) Retirement benefits

Retirement benefits are provided by the Group under the Mandatory Provident Fund Scheme as defined contribution scheme. The employer's monthly contributions to the scheme are at a maximum of 5% of each employee's monthly salary, subject to a cap of monthly relevant income of HK\$20,000, or HK\$25,000 on or after 1 June 2012, or HK\$30,000 on or after 1 June 2014.

The entities within the Group in the PRC participate in defined contribution retirement benefit plans organized by relevant government authorities for its employees in the PRC and contribute to these plans based on certain percentage of the salaries of the employees on a monthly basis, up to a maximum fixed monetary amount, as stipulated by the relevant government authorities. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans.

The cost of all these schemes is charged to profit or loss of the Group for the reporting period concerned and the assets of all these schemes are held separately from those of the Group.

### (p) Income tax

Income tax for the reporting period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the reporting period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous reporting periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

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The limited exceptions to recognition of deferred tax assets and liabilities are the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the asset and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

### **(q) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a 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 expenditure 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 of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### **(r) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

#### *(i) IT application and solution development*

When the outcome of a service contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

When the outcome of a service contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

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(ii) *IT infrastructure solutions*

Revenue from rendering of services is recognised when the services are rendered.

Revenue from sales of goods is recognised when goods are delivered at customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(iii) *Secondment and maintenance services*

Revenue arising from the provision of secondment and maintenance services is recognised when the services are rendered.

(iv) *Interest income*

Interest income is recognised as it accrues using the effective interest method.

(s) **Translation of foreign currencies**

Foreign currency transactions during the reporting period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The assets and liabilities of foreign operations are translated to Hong Kong dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Hong Kong dollars at exchange rates at the dates of the transactions. Foreign currency differences arising on translation of foreign operations are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(t) **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) **Non-current assets (or disposal group) held for sale**

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

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Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group are concerned are deferred tax assets, assets arising from employee benefits and financial assets (other than investments in subsidiaries). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

### (v) Related parties

For the purposes of the Financial Information, a party is considered to be related to the Group if:

(A) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(B) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (A).
- (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### (w) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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### 2. CRITICAL ACCOUNTING JUDGMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The Group's financial position and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the Financial Information. Management bases the assumptions and estimates on historical experience and on other factors that the management believes to be reasonable and which form the basis for making judgments about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of significant accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reporting results to changes in conditions and assumptions are factors to be considered when reviewing the Financial Information. The significant accounting policies are set out in note 1 above. Management believes the following significant accounting policies involve the most significant judgments and estimates used in the preparation of the Financial Information.

#### (a) Impairment for plant and equipment and intangible assets

If circumstances indicate that the carrying amounts of plant and equipment and intangible assets may not be recoverable, the assets may be considered "impaired", and an impairment loss may be recognised to reduce the carrying amounts to the recoverable amount in accordance with the accounting policy for impairment of these assets as described in note 1(i)(ii). The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

#### (b) Impairment for trade and other receivables

The Group estimates impairment losses for trade and other receivables resulting from the inability of the customers to make the required payments. The Group bases its estimates on the ageing of the trade and other receivables balance, customer credit-worthiness and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than expected and could significantly affect the result in future periods.

#### (c) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determinations are uncertain during the ordinary course of business. Where the final tax outcomes are different from the amounts that were initially recorded, such differences may impact the income tax and deferred tax provisions in the reporting period in which such determinations are made.

#### (d) Revenue recognition

As explained in policy note 1(j) and (r)(i), revenue recognition on an uncompleted project is dependent on management's estimation of the total outcome of the service contract, as well as the work done to date. Based on the Group's recent experience and the nature of the services activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the gross amounts due from and due to customers for contract work as disclosed in notes 13 and 17, respectively, will not include profit which the Group may eventually realise from the work done to date.

The Group reviews and revises the estimates of contract revenue and contract costs prepared for each service contract as the contract progresses. Budgeted contract costs are prepared by the management based on their experiences. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted contract costs by comparing the budgeted amounts to the actual costs incurred.

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Significant judgement is required in estimating the contract revenue and contract costs which may have an impact on percentage of completion of the service contracts and the corresponding profit taken.

Management base their judgements of contract costs and revenues on the latest available information. In some cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. The impact of the changes in accounting estimates is then reflected in the ongoing results.

**3. TURNOVER AND SEGMENT REPORTING**

**(a) Turnover**

The principal activities of the Group during the Track Record Period are the provision of IT application and solution development, IT infrastructure solutions, secondment services, maintenance and support services. The amount of each significant category of revenue recognised in turnover during the Track Record Period is as follows:

	Year ended 31 March		Three months ended 30 June	
	2013	2014	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Unaudited)	
IT application and solution development	25,995	21,679	6,578	3,174
IT infrastructure solutions	108,520	108,031	23,211	19,551
Secondment services	42,812	40,660	9,316	10,746
Maintenance and support services	18,825	19,614	4,252	4,833
	<u>196,152</u>	<u>189,984</u>	<u>43,357</u>	<u>38,304</u>

*Information about major customers*

Revenues from customers contributing over 10% of the total revenue of the Group during the Track Record Period are as follows:

	Year ended 31 March		Three months ended 30 June	
	2013	2014	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Unaudited)	
Customer A <sup>1</sup>	31,340	27,465	5,739	7,692
Customer B <sup>3</sup>	8,655	N/A*	2,401	N/A*
Customer B <sup>4</sup>	11,652	N/A*	3,260	N/A*
	20,307	N/A*	5,661	N/A*
Customer C <sup>1</sup>	180	705	180	N/A*
Customer C <sup>2</sup>	30,245	25,305	6,272	N/A*
Customer C <sup>3</sup>	1,228	—	—	N/A*
	31,653	26,010	6,452	N/A*
Customer D <sup>2</sup>	N/A*	N/A*	N/A*	5,526
Customer E <sup>2</sup>	N/A*	N/A*	4,678	N/A*

- <sup>1</sup> Revenue from provision of secondment services.
- <sup>2</sup> Revenue from provision of IT infrastructure solutions.
- <sup>3</sup> Revenue from provision of IT application and solution development services.
- <sup>4</sup> Revenue from provision of maintenance and support services.

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- \* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the relevant year.

Details of concentrations of credit risk arising from these customers are set out in note 22(a) of Section C.

Further details regarding the Group's principal activities are discussed below.

### (b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- IT application and solution development: this segment provides IT systems integration, software development and technology consultancy services.
- IT infrastructure solutions: this segment provides design of IT infrastructure solutions services and sale of IT infrastructure solution related hardware and software.
- Secondment services: this segment provides secondment services for a fixed period of time pursuant to the secondment service agreements.
- Maintenance and support services: this segment provides maintenance and support services.

#### (i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. No inter-segment sales have occurred during the Track Record Period. The Group's other income and expense items, such as general and administrative expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, depreciation and amortization, interest income and interest expenses is presented.

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Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2013 and 2014 and the three months ended 30 June 2013 and 2014 is set out below.

	<b>Year ended 31 March 2013</b>				
	<b>IT application and solution development</b> <i>HK\$'000</i>	<b>IT infrastructure solutions</b> <i>HK\$'000</i>	<b>Secondment services</b> <i>HK\$'000</i>	<b>Maintenance and support service</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Revenue from external customers and reportable segment revenue	25,995	108,520	42,812	18,825	196,152
Reportable segment gross profit	9,720	16,200	11,918	7,522	45,360

	<b>Year ended 31 March 2014</b>				
	<b>IT application and solution development</b> <i>HK\$'000</i>	<b>IT infrastructure solutions</b> <i>HK\$'000</i>	<b>Secondment services</b> <i>HK\$'000</i>	<b>Maintenance and support service</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Revenue from external customers and reportable segment revenue	21,679	108,031	40,660	19,614	189,984
Reportable segment gross profit	10,458	11,410	10,705	6,454	39,027

	<b>Three months ended 30 June 2014</b>				
	<b>IT application and solution development</b> <i>HK\$'000</i>	<b>IT infrastructure solutions</b> <i>HK\$'000</i>	<b>Secondment services</b> <i>HK\$'000</i>	<b>Maintenance and support service</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Revenue from external customers and reportable segment revenue	3,174	19,551	10,746	4,833	38,304
Reportable segment gross profit	1,448	1,422	3,660	2,217	8,747

	<b>Three months ended 30 June 2013 ((Unaudited))</b>				
	<b>IT application and solution development</b> <i>HK\$'000</i>	<b>IT infrastructure solutions</b> <i>HK\$'000</i>	<b>Secondment services</b> <i>HK\$'000</i>	<b>Maintenance and support service</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
Revenue from external customers and reportable segment revenue	6,578	23,211	9,316	4,252	43,357
Reportable segment gross profit	2,928	2,190	1,914	2,434	9,466

(ii) *Geographic information*

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's plant and equipment and intangible assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of plant and equipment, and the location of the operation, in the case of intangible assets.



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The geographical information of the Group's revenue from external customers for the years ended 31 March 2013 and 2014 and the three months ended 30 June 2013 and 2014, and specified non-current assets as at 31 March 2013 and 2014 and 30 June 2014 is set out below:

	<b>Revenue from external customers</b>			
	<b>Year ended 31 March</b>		<b>Three months ended 30 June</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Unaudited)	
Hong Kong (place of domicile)	191,589	189,984	43,357	38,304
The PRC	4,563	—	—	—
	<u>196,152</u>	<u>189,984</u>	<u>43,357</u>	<u>38,304</u>
			<b>Specified non-current assets</b>	
	<b>As at 31 March</b>		<b>As at 30 June</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong		700	1,134	1,083
The PRC		137	86	74
		<u>837</u>	<u>1,220</u>	<u>1,157</u>
<b>4. OTHER REVENUE</b>				
	<b>Year ended 31 March</b>		<b>Three months ended 30 June</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Unaudited)	
Bank interest income	47	16	12	1
Marketing income	562	328	45	215
Others	41	—	—	—
	<u>650</u>	<u>344</u>	<u>57</u>	<u>216</u>
<b>5. OTHER NET INCOME</b>				
	<b>Year ended 31 March</b>		<b>Three months ended 30 June</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Unaudited)	
Net foreign exchange gain	200	139	182	40
Write-back of allowance for impairment of amount due from a related company	422	—	—	—
	<u>622</u>	<u>139</u>	<u>182</u>	<u>40</u>

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**6. PROFIT/(LOSS) BEFORE TAXATION**

Profit/(loss) before taxation is arrived at after charging/(crediting):

**(a) Finance costs**

	<b>Year ended 31 March</b>		<b>Three months ended 30 June</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Unaudited)	
Total interest expense on financial liabilities not at fair value through profit or loss:				
Interest on bank borrowings wholly repayable within 5 years	362	121	46	37
Finance charges on obligation under finance lease	—	26	—	9
	<u>362</u>	<u>147</u>	<u>46</u>	<u>46</u>

**(b) Staff costs (including directors' remuneration)**

	<b>Year ended 31 March</b>		<b>Three months ended 30 June</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Unaudited)	
Salaries, wages and other benefits	77,093	77,183	18,206	19,249
Contributions to defined contribution retirement plans	2,814	2,642	652	698
	<u>79,907</u>	<u>79,825</u>	<u>18,858</u>	<u>19,947</u>

**(c) Other items**

	<b>Year ended 31 March</b>		<b>Three months ended 30 June</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Unaudited)	
Amortisation of intangible assets	20	13	4	5
Depreciation of plant and equipment	630	449	92	121
Auditors' remuneration				
— audit services	400	1,100	300	300
— other services	70	500	390	50
Operating lease charges in respect of properties	2,007	1,977	422	454
	<u>2,007</u>	<u>1,977</u>	<u>422</u>	<u>454</u>

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**7. INCOME TAX IN THE COMBINED STATEMENTS OF PROFIT OR LOSS**

**(a) Income tax in the combined statements of profit or loss represents:**

	Year ended 31 March		Three months ended 30 June	
	2013	2014	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)			
<b>Current tax — Hong Kong Profits Tax</b>				
Provision for the year/period	3,529	1,722	640	151
Under-provision in respect of prior years	<u>—</u>	<u>5</u>	<u>—</u>	<u>—</u>
	3,529	1,727	640	151
<b>Current tax — PRC Corporation</b>				
<b>Income Tax</b>				
Provision for the year/period	—	—	—	—
<b>Deferred taxation</b>				
Origination and reversal of temporary differences	<u>(11)</u>	<u>79</u>	<u>—</u>	<u>—</u>
	<u>3,518</u>	<u>1,806</u>	<u>640</u>	<u>151</u>

The statutory income tax rate of the Company and its subsidiaries registered in Hong Kong is 16.5%. The PRC's statutory income tax rate is 25%.

No provision for PRC Corporation Income Tax has been made, as the subsidiaries of the Group established in the PRC did not have assessable profits which are subject to PRC Corporation Tax during the Track Record Period.

The Company and the subsidiaries of the Group incorporated in the Cayman Islands and the BVI, respectively, are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

**(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:**

	Year ended 31 March		Three months ended 30 June	
	2013	2014	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)			
Profit/(loss) before taxation	<u>16,315</u>	<u>2,436</u>	<u>1,445</u>	<u>(79)</u>
Notional tax on profit/(loss) before taxation, calculated at the statutory tax rates applicable to the respective tax jurisdictions	2,321	340	219	(21)
Effect of non-deductible expenses	208	1,278	412	125
Effect of non-taxable income	(76)	(3)	(2)	(1)
Effect of unused tax losses not recognised	1,092	186	58	22
Under-provision in respect of prior years	—	5	—	—
Others	<u>(27)</u>	<u>—</u>	<u>(47)</u>	<u>26</u>
Actual tax expense	<u>3,518</u>	<u>1,806</u>	<u>640</u>	<u>151</u>

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**8. DIRECTORS' REMUNERATION**

The following table sets out the remuneration received or receivable by the Company's directors:

**For the year ended 31 March 2013:**

	<b>Directors' fees</b> <i>HK\$'000</i>	<b>Salaries, allowances and other benefits in kind</b> <i>HK\$'000</i>	<b>Contribution to defined contribution plan</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Executive directors</b>				
Lee Cheong Yuen	—	1,278	15	1,293
Yong Man Kin	—	1,529	14	1,543
<b>Non-executive directors</b>				
Chan Kwok Pui	—	105	4	109
Tam Kwok Wah	—	280	14	294
	<u>—</u>	<u>3,192</u>	<u>47</u>	<u>3,239</u>

**For the year ended 31 March 2014:**

	<b>Directors' fees</b> <i>HK\$'000</i>	<b>Salaries, allowances and other benefits in kind</b> <i>HK\$'000</i>	<b>Contribution to defined contribution plan</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Executive directors</b>				
Lee Cheong Yuen	—	1,612	15	1,627
Yong Man Kin	—	1,504	15	1,519
<b>Non-executive directors</b>				
Chan Kwok Pui	—	180	9	189
Tam Kwok Wah	—	180	9	189
	<u>—</u>	<u>3,476</u>	<u>48</u>	<u>3,524</u>

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**For the three months ended 30 June 2014**

	Directors' fees <i>HK\$'000</i>	Salaries, allowances and other benefits in kind <i>HK\$'000</i>	Contribution to defined contribution plan <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Executive directors</b>				
Lee Cheong Yuen	—	411	4	415
Yong Man Kin	—	411	4	415
<b>Non-executive directors</b>				
Chan Kwok Pui	—	45	2	47
Tam Kwok Wah	—	45	2	47
	<u>—</u>	<u>912</u>	<u>12</u>	<u>924</u>

**For the three months ended 30 June 2013 (Unaudited):**

	Directors' fees <i>HK\$'000</i>	Salaries, allowances and other benefits in kind <i>HK\$'000</i>	Contribution to defined contribution plan <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Executive directors</b>				
Lee Cheong Yuen	—	397	4	401
Yong Man Kin	—	351	4	355
<b>Non-executive directors</b>				
Chan Kwok Pui	—	45	2	47
Tam Kwok Wah	—	45	2	47
	<u>—</u>	<u>838</u>	<u>12</u>	<u>850</u>

*Notes:*

- (i) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period. No director waived or agreed to waive any emoluments during the Track Record Period.
- (ii) The Company did not have any share option scheme for the purchase of ordinary shares in the Company during the Track Record Period.

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**9. INDIVIDUALS WITH HIGHEST EMOLUMENTS**

Of the five individuals with the highest emoluments, 2, 2, 2 and 2 for the years ended 31 March 2013 and 2014 and three months ended 30 June 2013 and 2014, respectively, are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended 31 March		Three months ended 30 June	
	2013	2014	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)			
Salaries and other emoluments	3,621	3,549	822	819
Contributions to defined contribution retirement plans	<u>43</u>	<u>45</u>	<u>11</u>	<u>12</u>
	<u><u>3,664</u></u>	<u><u>3,594</u></u>	<u><u>833</u></u>	<u><u>831</u></u>

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Year ended 31 March		Three months ended 30 June	
	2013	2014	2013	2014
	Number of individuals	Number of individuals	Number of individuals	Number of individuals
	(Unaudited)			
HK\$Nil to HK\$1,000,000	1	1	3	3
HK\$1,000,001 to HK\$1,500,000	1	2	—	—
HK\$1,500,001 to HK\$2,000,000	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period.

**10. EARNINGS PER SHARE**

Earnings per share information is not presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Track Record Period on the combined basis as disclosed in Section A.

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**11. PLANT AND EQUIPMENT**

	Leasehold improvements <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Furniture and other office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost:</b>					
At 1 April 2012	154	2,466	434	1,115	4,169
Additions	—	198	24	—	222
Reclassified as held for sale ( <i>note 20</i> )	(44)	(434)	(113)	(643)	(1,234)
Exchange adjustments	—	9	2	8	19
At 31 March 2013	<u>110</u>	<u>2,239</u>	<u>347</u>	<u>480</u>	<u>3,176</u>
At 1 April 2013	110	2,239	347	480	3,176
Additions	—	840	—	—	840
Exchange adjustments	—	(1)	—	—	(1)
At 31 March 2014	<u>110</u>	<u>3,078</u>	<u>347</u>	<u>480</u>	<u>4,015</u>
At 1 April 2014	110	3,078	347	480	4,015
Additions	—	25	15	—	40
At 30 June 2014	<u>110</u>	<u>3,103</u>	<u>362</u>	<u>480</u>	<u>4,055</u>
<b>Accumulated depreciation:</b>					
At 1 April 2012	122	1,739	324	133	2,318
Depreciation for the year	15	311	41	263	630
Reclassified as held for sale ( <i>note 20</i> )	(29)	(278)	(53)	(229)	(589)
Exchange adjustments	1	5	1	3	10
At 31 March 2013	<u>109</u>	<u>1,777</u>	<u>313</u>	<u>170</u>	<u>2,369</u>
At 1 April 2013	109	1,777	313	170	2,369
Depreciation for the year	1	313	15	120	449
Exchange adjustments	—	(1)	—	—	(1)
At 31 March 2014	<u>110</u>	<u>2,089</u>	<u>328</u>	<u>290</u>	<u>2,817</u>
At 1 April 2014	110	2,089	328	290	2,817
Depreciation for the period	—	87	4	30	121
At 30 June 2014	<u>110</u>	<u>2,176</u>	<u>332</u>	<u>320</u>	<u>2,938</u>
<b>Net book value:</b>					
At 31 March 2013	<u>1</u>	<u>462</u>	<u>34</u>	<u>310</u>	<u>807</u>
At 31 March 2014	<u>—</u>	<u>989</u>	<u>19</u>	<u>190</u>	<u>1,198</u>
At 30 June 2014	<u>—</u>	<u>927</u>	<u>30</u>	<u>160</u>	<u>1,117</u>

During the year ended 31 March 2014, additions to computer equipment of the Group financed by new finance lease were approximately HK\$674,000. At 31 March 2014 and 30 June 2014, the net book value of computer equipment held under finance lease was approximately HK\$589,000 and HK\$553,000, respectively.

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**12. INTANGIBLE ASSETS**

	<b>Acquired computer software</b> <i>HK\$'000</i>
<b>Cost:</b>	
At 1 April 2012	211
Additions	<u>—</u>
At 31 March 2013	<u><u>211</u></u>
At 1 April 2013	211
Additions	<u>5</u>
At 31 March 2014	<u><u>216</u></u>
At 1 April 2014	216
Additions	<u>23</u>
At 30 June 2014	<u><u>239</u></u>
<b>Accumulated amortisation:</b>	
At 1 April 2012	161
Charge for the year	<u>20</u>
At 31 March 2013	<u><u>181</u></u>
At 1 April 2013	181
Charge for the year	<u>13</u>
At 31 March 2014	<u><u>194</u></u>
At 1 April 2014	194
Charge for the period	<u>5</u>
At 30 June 2014	<u><u>199</u></u>
<b>Net book value:</b>	
At 31 March 2013	<u><u>30</u></u>
At 31 March 2014	<u><u>22</u></u>
At 30 June 2014	<u><u>40</u></u>

The amortisation charge for the year/period is included in "general and administrative expenses" in the combined statements of profit or loss.



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**13. TRADE AND OTHER RECEIVABLES**

		As at 31 March		As at
		2013	2014	30 June
	Note	HK\$'000	HK\$'000	2014
				HK\$'000
Trade debtors	(a),(e)	31,258	38,608	30,247
Gross amounts due from customers for contract work	(d)	3,236	4,192	5,882
Amounts due from related parties	24(b)	9,251	2,917	2,932
Other receivables		—	25	25
Rental and other deposits		633	729	710
Prepayments		520	312	525
		<u>44,898</u>	<u>46,783</u>	<u>40,321</u>

Notes:

**(a) Ageing analysis of trade debtors**

The ageing analysis of trade debtors is as follows:

	As at 31 March		As at
	2013	2014	30 June
	HK\$'000	HK\$'000	2014
			HK\$'000
Within 1 month	24,678	27,052	23,102
1 to 3 months	2,955	7,688	4,602
Over 3 months	3,625	3,868	2,543
	<u>31,258</u>	<u>38,608</u>	<u>30,247</u>

Trade debtors are due within 60 days from the date of billing. Further details on the Group's credit policy are set out in note 22(a).

The ageing analysis is prepared in accordance with the date of billing.

**(b) Impairment of trade debtors**

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 1(i)(i)). For the years ended 31 March 2013 and 2014 and the three months ended 30 June 2014, the Group did not record any impairment losses in respect of trade debtors.

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**(c) Trade debtors that are not impaired**

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	As at 31 March		As at
	2013	2014	30 June
	HK\$'000	HK\$'000	2014
			HK\$'000
Neither past due nor impaired	25,607	27,416	24,425
Less than 1 month past due	1,876	5,848	2,576
1 to 3 months past due	506	3,084	1,100
Over 3 months past due	3,269	2,260	2,146
	<u>5,651</u>	<u>11,192</u>	<u>5,822</u>
	<u>31,258</u>	<u>38,608</u>	<u>30,247</u>

Receivables that were neither past due nor impaired relate to debtors for whom there was no recent history of default.

Receivables that were past due but not impaired relate to customers that have a good credit record. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

**(d) Project contracts in progress**

As at 31 March 2013 and 2014 and 30 June 2014, the aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amounts due from/to customers for contract work, was approximately HK\$24,392,000, HK\$26,213,000 and HK\$27,177,000, respectively. The gross amounts due from/to customers for contract work is expected to be recovered/settled within one year.

**(e) Retention receivables**

As at 31 March 2013 and 2014, included in trade debtors are retention receivables in respect of project contracts of HK\$395,000 and HK\$395,000 respectively. The balance was recovered during the three months ended 30 June 2014.

**14. PLEDGED BANK DEPOSITS**

	As at 31 March		As at
	2013	2014	30 June
	HK\$'000	HK\$'000	2014
			HK\$'000
Bank deposit of ICO Technology ( <i>see note below</i> )	2,898	—	—

*Note:* As at 31 March 2013, the bank deposit of ICO Technology was denominated in Renminbi and was pledged to a bank for banking facilities granted to ICO Technology. Such banking facilities amounted to HK\$5,000,000 and no facility was utilised. During the year ended 31 March 2014, this bank deposit was released.

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**15. CASH AND CASH EQUIVALENTS**

	As at 31 March		As at
	2013	2014	30 June
	HK\$'000	HK\$'000	2014
			HK\$'000
Cash on hand	90	56	56
Cash at banks	<u>20,341</u>	<u>13,949</u>	<u>12,556</u>
Cash and cash equivalents in the combined statements of financial position	20,431	14,005	12,612
Bank overdrafts	(18)	—	(1,801)
Cash and cash equivalents included in the assets of a disposal group classified as held for sale ( <i>note 20</i> )	<u>1,185</u>	<u>—</u>	<u>—</u>
Cash and cash equivalents in the combined statements of cash flows	<u>21,598</u>	<u>14,005</u>	<u>10,811</u>

As at 31 March 2013, 31 March 2014 and 30 June 2014, cash and cash equivalents in the amount of approximately HK\$2,157,000, HK\$634,000 and HK\$588,000, respectively, are denominated in Renminbi.

**16. BANK BORROWINGS**

The analysis of the carrying amount of bank borrowings repayable on demand or within one year is as follows:

	Note	As at 31 March		As at
		2013	2014	30 June
		HK\$'000	HK\$'000	2014
				HK\$'000
Bank overdrafts				
— unsecured and guaranteed	(i)	18	—	—
— secured by a fixed deposit provided by a director of the Company and guaranteed	(ii)	—	—	1,801
Bank loan granted under Special Loan Guarantee Scheme sponsored by the Government of Hong Kong Special Administrative Region ("HKSARG")	(iii)	1,776	—	—
Bank loan granted under The Hong Kong Mortgage Corporation Limited ("HKMC") SME Financing Guarantee Scheme	(iv)	2,583	—	—
Bank loan granted under tax loan facility	(v)	<u>—</u>	<u>3,343</u>	<u>2,351</u>
		<u>4,377</u>	<u>3,343</u>	<u>4,152</u>

Notes:

- (i) As at 31 March 2013, 31 March 2014 and 30 June 2014, unsecured bank overdraft facilities of HK\$800,000, HK\$800,000 and HK\$800,000 were provided and utilised to the extent of approximately HK\$18,000, HK\$nil and HK\$nil, respectively.

Interest on the overdraft facility is charged on daily balances at 1.5% per annum over the bank's HKD best lending rate. As at 31 March 2013, 31 March 2014 and 30 June 2014, the bank's HKD best lending rate was 5%.

As at 31 March 2013, 31 March 2014 and 30 June 2014, the bank overdraft facility was secured by personal guarantees from Lee Cheong Yuen, Yong Man Kin, Chan Kwok Pui and Tam Kwok Wah, the directors of the Company, and subordination agreement incorporating assignment of ICO HK's loan executed by ICO HK's immediate holding company.

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- (ii) As at 30 June 2014, secured bank overdraft facility of HK\$4,000,000 was provided and utilised to the extent of approximately HK\$1,801,000.

Interest on the overdraft facility is charged on daily balances at 1% per annum over the bank's HKD prime rate. As at 30 June 2014, the bank's HKD prime rate was 5.25%.

As at 30 June 2014, the bank overdraft facility was secured by personal guarantees from Lee Cheong Yuen and Yong Man Kin, the directors of the Company, and a fixed deposit in name of Yong Man Kin.

- (iii) A non-revolving loan was granted by the bank under the Special Loan Guarantee Scheme sponsored by the HKSARG in prior years and will be repayable by instalments up to 9 February 2014.

Interest on the non-revolving loan is charged on the bank's HKD best lending rate. As at 31 March 2013, the bank's HKD best lending rate was 5%.

As at 31 March 2013, the non-revolving loan is secured by personal guarantees from Lee Cheong Yuen and Yong Man Kin, the directors of the Company, and the guarantee granted by the HKSARG. During the year ended 31 March 2014, the bank loan was fully repaid, and the aggregate principal and interest cash outflow of such bank loan approximately amounted to HK\$1,821,000 for the period from 1 April 2013 to the repayment date.

- (iv) During the year ended 31 March 2013, an uncommitted non-revolving bank loan facility of HK\$3,000,000 under the HKMC SME Financing Guarantee Scheme was obtained and will be repayable by instalments up to 9 October 2015. Such bank loan was classified as a current liability as at 31 March 2013 due to the fact that the corresponding loan agreement included a repayable on demand clause giving the bank an unconditional right to call the loan at any time notwithstanding any other terms and maturity as set out in the banking facility letter. During the year ended 31 March 2014, this bank loan was fully repaid, and the aggregate principal and interest cash outflow of such bank loan approximately amounted to HK\$2,636,000 for the period from 1 April 2013 to the repayment date.

As at 31 March 2013, this loan bore interest at 4.25% per annum (i.e., the bank's prime rate minus 1% per annum) and was secured by personal guarantees from Yong Man Kin, a director of the Company, Leung Man Lun, Walter and Ho Chak Keung, key management personnel of the Company, and the guarantee granted by the HKMC.

- (v) A tax loan was granted by the bank under a tax loan facility of HK\$4,000,000 during the year ended 31 March 2014 and will be repayable by instalments up to 17 January 2015.

Interest on the tax loan is charged on the outstanding amount at 1.5% per annum below the bank's HKD prime rate. As at 31 March 2014 and 30 June 2014, the bank's HKD prime rate was 5.25%.

As at 31 March 2014, the tax loan is secured by personal guarantees from Lee Cheong Yuen and Yong Man Kin, the directors of the Company.

During the three months ended 30 June 2014, the terms and conditions of the banking facility were revised. As at 30 June 2014, the tax loan is secured by personal guarantees from Lee Cheong Yuen and Yong Man Kin, the directors of the Company, and a fixed deposit in name of Yong Man Kin.

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**17. TRADE AND OTHER PAYABLES**

		As at 31 March		As at
		2013	2014	30 June
	Note	HK\$'000	HK\$'000	2014
				HK\$'000
Trade creditors	(a)	7,254	13,939	10,387
Gross amounts due to customers for contract work	13(d)	1,660	—	—
Customers' deposits received		3,730	2,078	2,891
Deferred income		3,943	1,577	5,963
Accrued service costs		4,787	4,330	1,729
Other accrued expenses		2,205	7,779	2,057
Amounts due to related parties	24(b)	1,773	4,781	3,766
Other taxes payable		180	—	—
Dividend payable to equity owners of the Company		225	225	225
		<u>25,757</u>	<u>34,709</u>	<u>27,018</u>

Notes:

**(a) Ageing analysis of trade creditors**

As at 31 March 2013 and 2014 and 30 June 2014, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	As at 31 March		As at
	2013	2014	30 June
	HK\$'000	HK\$'000	2014
			HK\$'000
Within 1 month	7,153	8,823	9,823
1 to 3 months	94	5,101	533
Over 3 months	7	15	31
	<u>7,254</u>	<u>13,939</u>	<u>10,387</u>

**(b) Retention payables**

As at 31 March 2013 and 2014 and 30 June 2014, there were no retention payables.

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**18. OBLIGATION UNDER FINANCE LEASE**

As at 31 March 2014 and 30 June 2014, the Group had obligation under finance lease repayable as follows:

	As at 31 March 2014		As at 30 June 2014	
	Present value of the minimum lease payments <i>HK\$'000</i>	Total minimum lease payments <i>HK\$'000</i>	Present value of the minimum lease payments <i>HK\$'000</i>	Total minimum lease payments <i>HK\$'000</i>
Within 1 year	339	364	345	364
After 1 year but within 2 years	<u>149</u>	<u>151</u>	<u>60</u>	<u>61</u>
	<u>488</u>	515	<u>405</u>	425
Less: total future interest expenses		<u>(27)</u>		<u>(20)</u>
Present value of lease obligations		<u>488</u>		<u>405</u>

**19. INCOME TAX IN THE COMBINED STATEMENTS OF FINANCIAL POSITION**

(a) Current taxation in the combined statements of financial position represents:

	As at 31 March		As at
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	30 June 2014 <i>HK\$'000</i>
Income tax recoverable	—	(1,100)	(1,696)
Income tax payable	<u>2,279</u>	<u>387</u>	<u>257</u>
	<u>2,279</u>	<u>(713)</u>	<u>(1,439)</u>

The movement of the current taxation in the combined statements of financial position during the years/period are as follows:

Current taxation movement	Year ended 31 March		Three months ended
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	30 June 2014 <i>HK\$'000</i>
At the beginning of the year/period	623	2,279	(713)
Charge for the year/period	3,529	1,727	151
Tax paid for the year/period	<u>(1,873)</u>	<u>(4,719)</u>	<u>(877)</u>
At end of the year/period	<u>2,279</u>	<u>(713)</u>	<u>(1,439)</u>

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**(b) Deferred tax assets and liabilities recognised:**

The components of deferred tax assets and liabilities recognised in the combined statements of financial position and the movements during the years/period are as follows:

	<b>Depreciation allowance in excess of related depreciation</b>		
	<b>Year ended 31 March</b>		<b>Three months ended</b>
	<b>2013</b>	<b>2014</b>	<b>30 June</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	93	82	161
Charged/(credited) to profit or loss	(11)	79	—
At the end of the year	<u>82</u>	<u>161</u>	<u>161</u>

**(c) Deferred tax assets and liabilities not recognised:**

As at 31 March 2013 and 2014 and 30 June 2014, the Group did not recognize deferred tax assets of HK\$981,000, HK\$564,000 and HK\$586,000 in respect of tax losses amounting to HK\$3,922,000, HK\$2,255,000 and HK\$2,342,000 respectively that can be carried forward against future taxable income. As at 31 March 2013, the tax losses of HK\$1,063,000, HK\$1,833,000 and HK\$1,026,000 expire in 2015, 2017 and 2018 respectively. As at 31 March 2014, the tax losses of HK\$749,000, HK\$498,000, HK\$264,000 and HK\$744,000 expire in 2015, 2017, 2018 and 2019 respectively. As at 30 June 2014, the tax losses of HK\$749,000, HK\$498,000, HK\$264,000 and HK\$831,000 expire in 2015, 2017, 2018 and 2019 respectively.

There were no other material unrecognised deferred tax assets and liabilities as at 31 March 2013 and 2014 and 30 June 2014.

**20. DISPOSAL GROUP HELD FOR SALE**

The assets and liabilities related to ICO Technology (China) Limited ("ICO Technology (China)") and its subsidiary, Shenzhen Kai Gang Technology Co. Ltd. (深圳凱港科技有限公司) (part of the IT Infrastructure Solutions segment), have been presented as held for sale following the decision made by the Group's management in March 2013 to sell these two subsidiaries. The completion date for the transaction was 1 April 2013, details of such disposal was disclosed in note 25.

The major class of assets and liabilities of the disposal group classified as held for sale as at 31 March 2013 are as follows:

**(a) Assets of disposal group classified as held for sale**

	<i>HK\$'000</i>
Plant and equipment	645
Amount due from member of key management personnel	
— Chan Kwok Pui	570
Cash and cash equivalents	1,185
Trade and other receivables	332
Less: Impairment loss recognized	<u>(1,202)</u>
Total assets of disposal group classified as held for sale	<u>1,530</u>

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### (b) Liabilities of disposal group classified as held for sale

	<i>HK\$'000</i>
Trade and other payables	518
Amount due to Time Profit Group Limited ( <i>Note</i> )	300
Amount due to members of key management personnel	
— Lee Cheong Yuen	177
— Leung Man Lun, Walter	<u>754</u>
Total liabilities of disposal group classified as held for sale	<u><u>1,749</u></u>

*Note:* Time Profit Group Limited is beneficially owned and controlled by Leung Man Lun, Walter, one of the Group's key management personnel and director of ICO Technology and ICO Technology (China).

### (c) Impairment loss relating to the disposal group

Impairment loss of HK\$1,202,000 for write-down of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been included in "general and administrative expenses".

## 21. CAPITAL AND RESERVES

### (a) Movement in components of equity

The reconciliation between the opening and closing balances during the Track Record Period of each component of the Group's combined equity is set out in the combined statements of changes in equity.

### (b) Share capital

The Company was incorporated on 26 April 2013 with an authorised capital of 10,000,000,000 ordinary shares with par value of HK\$0.01 each.

On 26 April 2013, 1 share was allotted and issued at par to an initial subscriber. On the same date, initial subscriber transferred the share to Friends True Limited, which is wholly-owned by Mr. Yong Man Kin (one of the Controlling Shareholders). On 26 June 2013, further 999 shares were allotted and issued at par to BIZ Cloud Limited, which is wholly-owned by Mr. Lee Cheong Yuen (one of the Controlling Shareholders), Cloud Gear Limited, which is wholly-owned by Mr. Chan Kwok Pui (one of Controlling Shareholders), Friends True Limited and Imagine Cloud Limited, which is wholly-owned by Mr. Tam Kwok Wah (one of the controlling Shareholders), as to 390 shares, 110 shares, 374 shares and 125 shares respectively. The Company has not carried out any business during the period from 26 April 2013 (date of incorporation) to 30 June 2014. After the completion of the Reorganisation on [●], the Company became the holding company of the Group.

For the purpose of this Financial Information, the share capital as at 31 March 2013 represents the aggregate amount of share capital of Great Talent Holdings Limited ("Great Talent") and Wide Ocean Technologies Limited ("Wide Ocean") now comprising the Group, and the share capital as at 31 March 2014 and 30 June 2014 represents the aggregate amount of share capital of the Company, Great Talent and Wide Ocean.

### (c) Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of companies outside Hong Kong. The reserve is dealt with in accordance with the accounting policies set out in note 1(s).

### (d) Retained earnings available for distribution

The Company was incorporated on 26 April 2013 and has not carried on any business since the date of its incorporation. Accordingly, there were no retained earnings available for distribution to equity owners as at 30 June 2014.



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### (e) Dividends

Dividends during each of the years ended 31 March 2013 and 2014 and the three months ended 30 June 2014 represented dividends declared by the companies now comprising the Group to the then owners of the respective companies for each of the years ended 31 March 2013 and 2014 and the three months ended 30 June 2014, after elimination of intra-group dividends. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

### (f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted debt-to-capital ratio. For this purpose, the Group defines adjusted debt as total debt (which includes interest-bearing loans and borrowings, obligations under finance leases, and trade and other payables) plus unaccrued proposed dividends, less cash and cash equivalents and pledged bank deposits. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During the Track Record Period, the Group's strategy was to maintain an adjusted debt-to-capital ratio of no more than 100%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to equity owners of the Company, issue new shares, raise new debt financing or sell assets to reduce debt. As at 31 March 2013 and 2014 and 30 June 2014, the adjusted debt-to-capital ratio of the Group was 18.7%, 102.1% and 79.70%, respectively. As at 31 March 2014, the adjusted debt-to-capital ratio of the Group was relatively high and the directors of the Company regarded this situation as short term only.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

## 22. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

### (a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, pledged bank deposits and cash at banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and debtors requiring credit over a certain amount. These evaluations focus on the past history of making payments of the customers/debtors when due and current ability to pay, and take into account information specific to the customers/debtors as well as pertaining to the economic environment in which the customers/debtors operate. For project contracts, the Group generally requires customers to settle billings in accordance with the contracted terms, whereas for sales of goods and provision of services, the Group generally requires customers to settle billings (a) immediately after the completion of related transactions or (b) in accordance with the contracted terms. Normally, the Group does not obtain collateral from customers.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

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The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer/debtor rather than the industry or country in which the customers/debtors operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers/debtors. As at 31 March 2013 and 2014 and 30 June 2014, 12%, 15% and 12% of the trade debtors, respectively, were due from the Group's largest customer; and 64%, 55% and 55% of the trade debtors, respectively, were due from the Group's five largest customers.

The credit risk is also concentrated on amounts due from key management personnel of the Group. In order to minimise the credit risk, the management of the Group closely monitors the exposure and reviews the recoverable amounts of such receivables to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 13.

**(b) Liquidity risk**

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The contractual undiscounted cash flows of obligation under finance lease are disclosed in note 18. Save as the above, all other financial liabilities disclosed in the combined statements of financial position are required to be settled within one year or on demand and the total contractual undiscounted cash flows of these financial liabilities are not materially different from their carrying amounts as at 31 March 2013 and 2014 and 30 June 2014.

**(c) Interest rate risk**

The Group's interest rate risk arises primarily from bank borrowings, cash at banks and pledged bank deposits. Bank borrowings, cash at banks and pledged bank deposits issued at variable rates expose the Group to cash flow interest rate risk.

The interest rate profile of the Group's interest-bearing financial instruments was:

**The Group**

	As at 31 March		As at
	2013	2014	30 June
	HK\$'000	HK\$'000	2014
			HK\$'000
<b>Variable rate instruments</b>			
Financial liabilities — bank overdrafts ( <i>see note 16</i> )	(18)	—	(1,801)
— bank loans ( <i>see note 16</i> )	(4,359)	(3,343)	(2,351)
Financial assets — cash at banks ( <i>see note 15</i> )	20,341	13,949	12,556
— pledged bank deposits ( <i>see note 14</i> )	2,898	—	—
	<u>2,898</u>	<u>—</u>	<u>—</u>
Total net deposits	<u>18,862</u>	<u>10,606</u>	<u>8,404</u>

As at 31 March 2013 and 2014, it is estimated that a general increase/decrease of 10 basis points in interest rates for bank borrowings and cash at banks and pledged bank deposits, with all other variables held constant, would increase/decrease the Group's profit for the year and retained earnings by approximately HK\$16,000 and HK\$9,000, respectively.

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As at 30 June 2014, it is estimated that a general increase/decrease of 10 basis points in interest rates for bank borrowings and cash at banks, with all other variables held constant, would decrease/increase the Group's loss for the period and increase/decrease the Group's retained earnings by approximately HK\$2,000.

The sensitivity analysis above indicates annualised impact on the Group's net interest that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to floating rate instruments which expose the Group to cash flow interest rate risk at that date. The analysis has been performed on the same basis throughout the Track Record Period.

### (d) Foreign currency exchange risk

For presentation purposes, the Group's financial information is shown in Hong Kong dollars (HKD). The companies within the Group, whose functional currencies are different from Hong Kong dollars, have translated their financial information into HKD for combination purpose.

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, being primarily United States dollars (USD).

As the HKD is pegged to the USD, the Company considers the risk of movements in exchange rates between the HKD and the USD to be insignificant.

In the opinion of the directors of the Company, a reasonably possible change in foreign exchange rates on the Group's financial instruments, which are denominated in a currency other than the functional currency of the entity to which they relate, is not expected to have significant impact to the Group in the near future, hence sensitivity analysis is not presented.

### (e) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2013 and 2014 and 30 June 2014.

## 23. OPERATING LEASE COMMITMENTS

As at 31 March 2013 and 2014 and 30 June 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 March		As at
	2013	2014	30 June
	HK\$'000	HK\$'000	2014
			HK\$'000
Within 1 year	<u>247</u>	<u>1,692</u>	<u>1,670</u>

The Group is the lessee in respect of the Group's offices under operating leases. The leases typically run for an initial period of one to two years, with an option to renew when all terms are renegotiated. Lease payments are usually increased at the end of the lease term to reflect market rentals. None of the leases includes contingent rentals.

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**24. MATERIAL RELATED PARTY TRANSACTIONS**

During the years ended 31 March 2013 and 2014 and three months ended 30 June 2014, the transactions or balances with the following parties were considered to be related party transactions:

<b>Name of party</b>	<b>Relationship with the Group</b>
Lee Cheong Yuen	Director and one of the Controlling Shareholders
Yong Man Kin	Director and one of the Controlling Shareholders
Chan Kwok Pui	Director and one of the Controlling Shareholders
Tam Kwok Wah	Director and one of the Controlling Shareholders
Leung Man Lun, Walter	One of the Group's key management personnel and director of ICO Technology and ICO Technology (China)
Ho Chak Keung	One of the Group's key management personnel and director of ICO Technology and ICO Technology (China)
Leung Kei Pui	One of the Group's key management personnel
Technix Technology Limited (formerly known as ICO Soft Limited)*	Beneficially owned and controlled by Lee Cheong Yuen, Yong Man Kin, Tam Kwok Wah and Chan Kwok Pui
Intellectual Capital Outsourcing Limited	Beneficially owned and controlled by Lee Cheong Yuen and Chan Kwok Pui
Raceline Holdings Limited	Non-controlling shareholder and beneficially owned and controlled by Leung Man Lun, Walter and Ho Chak Keung
Time Profit Group Limited	Beneficially owned and controlled by Leung Man Lun, Walter

\* Technix Technology Limited ceased to be a related party of the Company since 1 April 2013.

**(a) Key management personnel remuneration**

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees of the Group as disclosed in note 9, is as follows:

	<b>Year ended 31 March</b>		<b>Three months ended 30 June</b>	
	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Short-term employee benefits	6,356	6,526	1,550	1,636
Post-employment benefits	<u>89</u>	<u>92</u>	<u>22</u>	<u>24</u>
	<u>6,445</u>	<u>6,618</u>	<u>1,572</u>	<u>1,660</u>

Total remuneration is included in staff costs (see note 6(b)).

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**(b) Financing arrangements with related parties**

As at the end of each reporting period, the Group has the following balances with related parties:

	<i>Note</i>	Amounts owed to the Group by related parties			Amounts owned by the Group to related parties		
		As at 31 March		As at 30 June	As at 31 March		As at 30 June
		2013	2014	2014	2013	2014	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts due from/to members of key management personnel							
— Lee Cheong Yuen	(i), (ii), (iii)	5,166	1,604	1,611	—	—	—
— Yong Man Kin	(i), (ii), (iii)	1,086	—	—	—	4,271	3,263
— Chan Kwok Pui	(i), (ii), (iii)	853	—	—	—	510	503
— Tam Kwok Wah	(i), (ii), (iii)	2,146	1,313	1,321	—	—	—
— Ho Chak Keung	(i)	—	—	—	1	—	—
Amount due to Intellectual Capital Outsourcing Limited	(i)	—	—	—	792	—	—
Dividends paid to Raceline Holdings Limited	(i)	—	—	—	980	—	—
		<u>9,251</u>	<u>2,917</u>	<u>2,932</u>	<u>1,773</u>	<u>4,781</u>	<u>3,766</u>

Notes:

- (i) The outstanding balances with these related parties are unsecured, interest free and have no fixed repayment terms. The amounts owed to the Group by related parties are included in "Trade and other receivables" (note 13) and the amounts owed by the Group to related parties are included in "Trade and other payables" (note 17).
- (ii) The outstanding balances due from related parties as at 1 April 2012 and the maximum outstanding balances due from related parties during the years ended 31 March 2013 and 2014 and the three months ended 30 June 2014 are as follows:

	Opening balance	Maximum balance outstanding		
		During the year ended		During three months ended
		At 1 April 2012	31 March 2013	30 June 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amount due from Technix Technology Limited				
Outstanding balance before the provision for bad and doubtful debts (see note (iii) below)	434	436	—	—
Amounts due from members of key management personnel				
— Lee Cheong Yuen	4,822	5,251	5,176	1,611
— Yong Man Kin	922	1,086	1,130	N/A
— Tam Kwok Wah	497	2,147	2,157	1,321
— Chan Kwok Pui	<u>1,299</u>	<u>1,407</u>	<u>863</u>	<u>N/A</u>

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- (iii) Other than the provision of approximately HK\$422,000 for amount due from Technix Technology Limited as at 1 April 2012, no provisions for bad or doubtful debts have been made in respect of these amounts due from related parties as at 31 March 2013 and 2014 and 30 June 2014.

During the year ended 31 March 2013, the amount due from Technix Technology Limited was settled and therefore the provision of approximately HK\$422,000 was written back.

**(c) Other related party transactions**

The key management personnel of the Group have provided their personal guarantees to the banks for the banking facilities granted to the Group during the years ended 31 March 2013 and 2014 and the three months ended 30 June 2014. In addition, during the three months ended and as at 30 June 2014, a fixed deposit in name of Yong Man Kin has been pledged to a bank for banking facilities granted to a subsidiary of the Company. Details of such personal guarantees are disclosed in note 16.

**25. DISPOSAL OF SUBSIDIARIES**

During the year ended 31 March 2014, the Group disposed of its entire equity interests in ICO Technology (China) Limited ("ICO Technology (China)") and its subsidiary (part of IT Infrastructure Solutions segment) to an independent third party at an consideration of approximately HK\$1,960,000. The Group had 70% equity interest in ICO Technology (China) and its subsidiary before the disposal.

- (a) Details of net liabilities disposed of in respect of the disposal of ICO Technology (China) and its subsidiary are summarised as follows:

	<i>HK\$'000</i>
Plant and equipment	645
Trade and other receivables	<u>902</u>
	1,547
Less: Impairment loss recognized	<u>(1,202)</u>
	345
Cash and cash equivalents	1,185
Trade and other payables	<u>(1,749)</u>
Net liabilities disposal of	<u><u>(219)</u></u>

- (b) Disposal of subsidiaries:

	<i>HK\$'000</i>
Consideration received	1,960
Net liabilities disposal of	219
Non-controlling interest	(2,215)
Release of exchange reserve upon the disposal	<u>36</u>
Profit/loss on disposal	<u><u>—</u></u>
Total consideration satisfied by:	
Consideration received in cash	<u><u>1,960</u></u>

- (c) Net cash inflow arising from the disposal of subsidiaries:

Consideration received in cash	1,960
Less: Cash and cash equivalents disposed of	<u>(1,185)</u>
Net inflow of cash and cash equivalents in respect of the disposal of the subsidiaries	<u><u>775</u></u>

The subsidiaries disposed of during the year ended 31 March 2014 did not contribute significantly to the Group's results and cash flows.

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**26. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD**

Up to the date of issue of this Financial Information, the HKICPA has issued a number of amendments and new standards which are not yet effective for the Track Record Period and which have not been early adopted in this Financial Information. These include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRSs, Annual improvements to HKFRSs 2010–2012 Cycle	1 July 2014
Amendments to HKFRSs, Annual improvements to HKFRSs 2011– 2013 Cycle	1 July 2014
HKFRS 9 "Financial Instruments"	1 January 2018
HKFRS 15 "Revenue from Contracts with Customers"	1 January 2017
Amendments to HKAS 16 and HKAS 38, <i>Clarification on Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's financial statements.

**27. INFORMATION OF STATUTORY FINANCIAL STATEMENTS OF THE COMPANIES COMPRISING THE GROUP**

The statutory financial statements of the companies, now comprising the Group, which were prepared in accordance with the relevant accounting rules and regulations applicable to enterprises in the People's Republic of China (the "PRC") or Hong Kong Financial Reporting Standards (the "HKFRSs") as appropriate, were audited during the Track Record Period by their respective statutory auditors as indicated below:

<b>Name of company</b>	<b>Financial years</b>	<b>Statutory auditors</b>
ICO Holdings Limited	Year ended 31 March 2013	Crowe Horwath (HK) CPA Limited
ICO Limited	Year ended 31 March 2013	Crowe Horwath (HK) CPA Limited
ICO Technology Limited	Year ended 31 March 2013	Crowe Horwath (HK) CPA Limited
Tian Li Shi Software Development (Shenzhen) Co. Ltd. <i>(note (i))</i> (天利時軟件開發(深圳)有限公司)	Years ended 31 December 2012 and 2013	Shen Zhen Bo Zhong C.P.A. Partnership (深圳博眾會計師事務所)

*Note:*

- (i) The English translation of the name is for reference only and the official name of this entity is in Chinese.

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**28. INFORMATION RELATING TO NON-CONTROLLING INTERESTS**

The following table lists out the information relating to ICO Technology Limited (ICOT), a subsidiary of the Group which has material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination:

	As at 31 March		As at
	2013	2014	30 June 2014
	<i>(HK\$'000, except percentage)</i>		
NCI percentage of ICOT	49%	49%	49%
Current assets	33,581	32,228	32,220
Non-current assets	81	65	56
Current liabilities	(29,242)	(26,500)	(25,716)
Non-current liabilities	(11)	(9)	(9)
Net assets	4,409	5,784	6,551
Net liabilities attributable to NCI of ICOT's subsidiaries	(1,033)	—	—
Net assets attributable to owners of ICOT	5,442	5,784	6,551
Carrying amount of NCI	2,666	2,834	3,210
	Year ended 31 March		Three months ended 30 June
	2013	2014	2014
Revenue	111,790	113,427	20,785
Profit for the year/period	664	4,530	767
Loss for the year attributable to NCI of ICOT's subsidiaries	(812)	—	—
Profit for the year attributable to owners of ICOT	1,476	4,530	767
Total comprehensive income	708	4,530	767
Profit allocated to NCI	723	2,220	376
Dividend paid to NCI	—	3,234	—
Cash flows generated from/(used in) operating activities	(305)	(1,445)	3,515
Cash flows generated from/(used in) investing activities	(47)	3,651	33
Cash flows generated from/(used in) financing activities	(4,348)	(10,913)	938

**29. SUBSEQUENT EVENTS**

The following significant event took place subsequent to 30 June 2014:

**(a) Group reorganisation**

On [●] 2014, the Group completed the Reorganisation to rationalize the Group's structure in the preparation for the [REDACTED] of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

Further details of the Reorganisation are set out in the section headed "Corporate Reorganisation" in Appendix IV to the [REDACTED]. As a result of the Reorganisation the Company became the holding company of the Group.



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**E. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 2014.

Yours faithfully  
**Crowe Horwath (HK) CPA Limited**  
*Certified Public Accountants*