

SUMMARY

This summary aims to give you an overview of the information contained in this [REDACTED]. As this is a summary, it does not contain all the information that may be important to you. You should read the whole [REDACTED] before you decide to invest in the [REDACTED]. These are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed "Risk factors" of this [REDACTED]. You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

Established in 1992, we are an IT service provider based in Hong Kong. Our Group is principally engaged in the following businesses:

(1) Provision of IT application and solution development services

We have engaged in the provision of IT application and solution development services in Hong Kong since 1995. The provision of IT application and solution development services generally include IT systems integration, software development, technology consultancy, third party hardware and software procurement, and after sales service. Our IT application and solution development services are generally provided on a project basis.

During the Track Record Period, our Group has experienced cost overrun on one IT application and solution development project and recognised a loss of approximately HK\$4.2 million for the year ended 31 March 2012 due to the increase in direct labour cost from assigning additional staff to the project; other than this, our Group has not experienced any other cost overrun.

(2) Provision of secondment services

We have been offering secondment services in Hong Kong since 1995 where we designate our staff to work for our customers for a fixed period of time pursuant to the relevant secondment service agreements. Our seconded staff are responsible for carrying out a wide range of IT-related services for our customers, such as system administration, unit testing, preparation of technical specifications, system design, development and support.

(3) Provision of maintenance and support services

Following the completion of the provision of IT application and solution development services, we may be engaged by our customers to provide maintenance and support services in separate agreements. We may also be engaged by customers whose IT systems were built and developed by other parties but seek us for maintenance and support services.

(4) Provision of IT infrastructure solutions

We assess, design and implement IT infrastructure solutions for our customers. Our Group provides IT infrastructure solutions to customers by integrating various hardware and software sourced from third party suppliers, including servers, storage systems, security systems, software, and networking equipment, to fulfil customers' requirements in relation to their IT infrastructure.

SUMMARY

The following table sets out the revenue by segments for the periods indicated:

	2012		Year ended 31 March				Six months ended 30 September			
	HK\$'000	%	2013	%	2014	%	2013	%	2014	%
IT application and solution development	33,762	15.3	25,995	13.3	21,679	11.4	12,221	12.9	6,674	7.5
Secondment services	45,409	20.6	42,812	21.8	40,660	21.4	19,757	20.9	21,880	24.7
Maintenance and support services	16,954	7.7	18,825	9.6	19,614	10.3	8,928	9.4	9,933	11.2
IT infrastructure solutions	124,562	56.4	108,520	55.3	108,031	56.9	53,748	56.8	50,228	56.6
	<u>220,687</u>	<u>100.0</u>	<u>196,152</u>	<u>100.0</u>	<u>189,984</u>	<u>100.0</u>	<u>94,654</u>	<u>100.0</u>	<u>88,715</u>	<u>100.0</u>

Bidding proposals during the Track Record Period

During the Track Record Period, the total number of IT application and solution development projects was 13, 19, 21 and 24 respectively, in which two, three, three and six contracts with contract values of HK\$1 million or above were obtained through competitive tendering process for each of the three years ended 31 March 2012, 2013 and 2014, and the six months ended 30 September 2014 respectively. As of the Latest Practicable Date, there were ten bidding proposals for IT application and solution development projects with contract value of HK\$1 million or above pending tendering results. Please refer to the paragraph headed "Recent development subsequent to the Track Record Period" under the section headed "Financial information" in this [REDACTED] for further details.

The following table illustrates our Group's success rate of bidding proposals for IT application and solution development projects with contract values of HK\$1 million or above:

	For the year ended 31 March 2012	For the year ended 31 March 2013	For the year ended 31 March 2014	From 1 April 2014 up to the Latest Practicable Date
Number of bidding results received by our Group	10	9	6	10
Number of successful biddings	2	3	3	6
Awarded contract sum (approximately)	HK\$2.4 million	HK\$17.4 million	HK\$15.3 million	HK\$431 million (Note 1)
Success rate of bidding proposals (%) (Note 2)	20% (Note 3)	33% (Note 3)	50% (Note 3)	60% (Note 4)

Notes:

- (1) The contract value for maintenance and support services under Project A is excluded.
- (2) Success rate of bidding proposals is calculated by total number of bidding proposals awarded over total number of bidding results received by our Group during the period/year.
- (3) As at 31 March 2012 and 31 March 2013, there was no bidding proposal pending tendering result. As at 31 March 2014, there were five bidding proposals pending tendering results, which are excluded from the calculation.
- (4) As at the Latest Practicable Date, there were ten bidding proposals with the contract values of HK\$1 million or above pending tendering results, which are excluded from the calculation.

SUMMARY

The Disposal

During the year ended 31 March 2013, we decided to discontinue our IT infrastructure solutions business in the PRC market and disposed of ICO Technology (China) on 1 April 2013 so that we can concentrate on our IT infrastructure solutions business in Hong Kong. For details of the Disposal, please refer to the section headed "History, reorganisation and Group structure" of this [REDACTED].

Deteriorating financial performance

We recorded a revenue of approximately HK\$220.7 million, HK\$196.2 million and HK\$190.0 million for each of the three years ended 31 March 2012, 2013 and 2014 respectively. We experienced a decrease in revenue as (i) certain IT application and solution development projects were only at their early stages in 2013 and subsequently less turnover were recognised throughout the year ended 31 March 2014; and (ii) there was a decrease in the provision of our secondment services to one of our top five customers. Our revenue also decreased from approximately HK\$94.7 million for the six months ended 30 September 2013 to approximately HK\$88.7 million for the six months ended 30 September 2014. The decrease was mainly due to (i) we allocated additional numbers of technical staff to prepare the bidding for a government tender as referred in the paragraph "Recent development subsequent to the Track Record Period" in the section headed "Financial information" in this [REDACTED]; (ii) there were delays in the tender awarding process of IT application and solution projects from government and statutory bodies; and (iii) one of our top five customers has a non-annual purchase cycle for IT infrastructure solutions and placed its order at different periods each year.

During the Track Record Period, our Group also recorded a decrease in gross profit margin of secondment services, maintenance and support services and IT infrastructure solutions, net profits, operating cash flows, and cash and cash equivalents. Please refer to "Selected financial information" in this section for details. From 1 April 2014 and up to the Latest Practicable Date, we have been awarded ten IT application and solution development projects. In particular, we partnered with the PRC Partner and were awarded a tender for the supply of an entry/exit control system from a government department in Hong Kong in November 2014 for an IT application and solution development and maintenance services project ("Project A"). Pursuant to the subcontractor contract between our Group and the PRC Partner, the total subcontracting revenue to be recognised by our Group under Project A is expected to be over HK\$900 million.

As revenue derived from IT application and solution development segment is recognised using the percentage of completion method, there are no specific milestones our Group shall meet in order to recognise the revenue from Project A. However, based on the implemental schedule of Project A and the available resources of our Group, we estimate that approximately 15%, 21% and 6% of the subcontracting revenue of Project A will be recognised as revenue by our Group for the years ending 31 March 2015, 2016 and 2017 respectively. Accordingly, our overall revenue and gross profit for the years ending 31 March 2015, 2016 and 2017 will increase as a result of Project A. However, the gross profit margin of our Group may be decreased during such periods as the estimated gross profit margin of Project A is lower than the historical average gross profit margin of the IT application and solution development segment. We expect to recognise the revenue generated from the provision of maintenance services under Project A, representing approximately 58% of the subcontracting revenue, during the years ending 31 March 2019 to 31 March 2027. Therefore, the proportion of revenue derived from the

SUMMARY

maintenance and support services segment to the total revenue of our Group will increase during such periods. Please refer to "Recent development subsequent to the Track Record Period" in this section for details.

MATERIAL NON-COMPLIANCE MATTERS

During the Track Record Period, there were certain incidents of material non-compliance with applicable laws and regulations, including non-compliances with the Inland Revenue Ordinance, the Predecessor Companies Ordinance and the Companies Ordinance, non-registration of leases in the PRC, and non-compliances with the tax law and regulations of the PRC. Please refer to the section headed "Legal compliance" under "Business" of this [REDACTED] for details.

ICO Technology failed to comply with the borrowing covenant of a loan facility in maintaining a tangible net worth of HK\$5 million at all times after the distribution of dividends as at 31 March 2012 because our Directors inadvertently overlooked the borrowing covenant when considering the declaration of dividends. The loan facility did not expressly stipulate that ICO Technology had to inform the bank of the breach. We did not inform the bank of the breach, nor did we receive any notice from the bank informing us they were aware of it. However, such breach had no significant financial impact on our Group's combined financial statements. In August 2012, the bank loan was fully repaid. We have adopted an internal control measure to ensure our compliance with our bank loan covenants in the future. Please refer to the section headed "Internal control" under "Business" of this [REDACTED] for details.

SELECTED FINANCIAL INFORMATION

The following sets out selected items from the combined financial information extracted from the Accountants' Report set out in Appendix I to this [REDACTED] and should be read in conjunction with it.

Selected combined statements of comprehensive income

	Year ended 31 March			Six months ended 30 September	
	2012	2013	2014	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				(Unaudited)	
Turnover	220,687	196,152	189,984	94,654	88,715
Gross profit	48,675	45,360	39,027	19,238	20,712
Profit/(loss) for the year/period	16,129	12,797	630	1,725	1,910
Attributable to equity owners of our					
Company and non-controlling interests	16,085	12,792	610	1,627	1,860

SUMMARY

Gross profit and gross profit margin by segments

	Year ended 31 March						Six months ended 30 September			
	2012		2013		2014		2013		2014	
	<i>Gross profit margin</i>	<i>Gross profit margin</i>	<i>Gross profit margin</i>	<i>Gross profit margin</i>	<i>Gross profit margin</i>	<i>Gross profit margin</i>	<i>Gross profit margin</i>	<i>Gross profit margin</i>	<i>Gross profit margin</i>	<i>Gross profit margin</i>
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
IT application and solution development	8,891	26.3	9,720	37.4	10,458	48.2	5,756	47.1	2,273	34.1
Secondment services	12,018	26.5	11,918	27.8	10,705	26.3	4,708	23.8	7,496	34.3
Maintenance and support services	6,366	37.5	7,522	40.0	6,454	32.9	3,248	36.4	4,339	43.7
IT infrastructure solutions	21,400	17.2	16,200	14.9	11,410	10.6	5,526	10.3	6,604	13.2
	<u>48,675</u>	<u>22.1</u>	<u>45,360</u>	<u>23.1</u>	<u>39,027</u>	<u>20.5</u>	<u>19,238</u>	<u>20.3</u>	<u>20,712</u>	<u>23.3</u>

(Unaudited)

Our gross profit margin on IT infrastructure solutions dropped from approximately 14.9% for the year ended 31 March 2013 to approximately 10.6% for the year ended 31 March 2014. This is due to the increase in direct labour cost as a result of the assignment of additional staff in certain IT infrastructure solution projects as there was a change in product mix from hardware product solutions to software product solutions.

Net profit

Our net profit decreased from approximately HK\$12.8 million for the year ended 31 March 2013 to approximately HK\$0.6 million for the year ended 31 March 2014 primarily due to the decrease in our gross profit by approximately HK\$6.3 million resulted from the decrease in our turnover and the increase in general and administrative expenses including the [REDACTED] expenses of approximately HK\$[REDACTED]. Our net profit increased from approximately HK\$1.7 million for the six months ended 30 September 2013 to approximately HK\$1.9 million for the six months ended 30 September 2014. The change is due to the increase in gross profit and decrease in income tax expenses.

Selected cash flow items

	Year ended 31 March			Six months ended	
	30 September			30 September	
	2012	2013	2014	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	14,636	4,625	2,385	4,623	8,396
Net cash (used in)/generated from investing activities	(4,347)	(184)	3,518	3,546	(194)
Net cash used in financing activities	(2,520)	(8,276)	(13,496)	(11,986)	(3,785)
Cash and cash equivalents at the beginning of the year/period	17,610	25,418	21,598	21,598	14,005
Effect on changes in foreign exchange rate	39	15	—	2	—
Cash and cash equivalents at the end of the year/period	<u>25,418</u>	<u>21,598</u>	<u>14,005</u>	<u>17,783</u>	<u>18,422</u>

SUMMARY

The declining operating cash flow during the three years ended 31 March 2014 was primarily attributable to the decrease in our turnover. Our operating net cash flow for the six months ended 30 September 2013 and 2014 has risen by about 81.6% mainly due to the increase in trade and other payables. The increase in net cash outflow from financing activities over the Track Record Period was mainly attributable to the payment of dividends.

As at 31 March 2012, 31 March 2013 and 31 March 2014, we had cash and cash equivalents of approximately HK\$25.4 million, HK\$21.6 million and HK\$14.0 million respectively. As at 30 September 2013 and 30 September 2014, we had cash and cash equivalents of approximately HK\$17.8 million and HK\$18.4 million respectively.

Selected combined statements of financial position

	As at 31 March			As at
	2012	2013	2014	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2014</i> <i>HK\$'000</i>
Non-current assets	1,901	837	1,220	1,162
Current assets	74,957	69,757	61,888	68,430
Non-current liabilities	(93)	(82)	(310)	(161)
Current liabilities	(49,607)	(34,162)	(38,778)	(43,551)
Net current assets	25,350	35,595	23,110	24,879
Total assets less current liabilities	27,251	36,432	24,330	26,041

Impact on our financial results due to expenses incurred in relation to the [REDACTED]

Our Directors estimate that the total [REDACTED] expenses are approximately HK\$[REDACTED], of which approximately HK\$[REDACTED] is chargeable to profit and loss account and approximately HK\$[REDACTED] will be charged to equity upon [REDACTED]. We incurred approximately HK\$[REDACTED] and approximately HK\$[REDACTED] of [REDACTED] expenses during the year ended 31 March 2014 and the six months ended 30 September 2014 respectively. We expect to incur an additional cost of approximately HK\$[REDACTED] in the [REDACTED] expenses for the year ending 31 March 2015. Expenses in relation to the [REDACTED] are non-recurring in nature.

Our Board wishes to inform our Shareholders and potential investors that our Group's financial performance for the year ended 31 March 2014 was affected by the expenses in relation to the [REDACTED], and for the year ending 31 March 2015, it is expected to be significantly affected by the estimated expenses in relation to the [REDACTED].

SUMMARY

Key financial ratios

The following table sets out the key financial ratios for our Group during the Track Record Period:

	As at/for the year ended			As at/for the
	31 March			six months
	2012	2013	2014	ended 30 September 2014
Current ratio	1.5	2.0	1.6	1.6
Quick ratio	1.5	2.0	1.6	1.6
Gearing ratio	36.9%	12.0%	15.9%	6.5%
Debt to equity ratio	N/A	N/A	N/A	N/A
Return on assets	21.0%	18.1%	1.0%	2.7%
Return on equity	59.4%	35.2%	2.6%	7.4%
Interest coverage	38.6	46.1	17.6	26.0

Return on assets

Return on assets for each of the three years ended 31 March 2012, 2013 and 2014 and the six months ended 30 September 2014 was approximately 21.0%, 18.1%, 1.0% and 2.7%, respectively.

Our return on assets decreased to approximately 1.0% for the year ended 31 March 2014 primarily due to the decrease in our net profit by approximately 95.1% from approximately HK\$12.8 million for the year ended 31 March 2013 to approximately HK\$0.6 million for the year ended 31 March 2014. The decrease in our net profit was primarily due to the decrease in our turnover of approximately HK\$6.2 million and the increase in general and administrative expenses of approximately HK\$8.2 million, in which HK\$[REDACTED] were expenses in relation to the [REDACTED]. Our return on assets increased to approximately 2.7% for the six months ended 30 September 2014 primarily due to an increase in net profit of approximately HK\$1.3 million as compared with that for the year ended 31 March 2014. This increase in net profit was primarily due to the decrease in the [REDACTED] expenses incurred during the corresponding periods.

Return on equity

Return on equity was approximately 59.4%, 35.2%, 2.6% and 7.4% for each of the three years ended 31 March 2012, 2013 and 2014 the six months ended 30 September 2014 respectively.

Our return on equity decreased to approximately 2.6% for the year ended 31 March 2014, primarily due to the significant decrease in our net profit as discussed above. Our return on equity increased to approximately 7.4% for the six months ended 30 September 2014 primarily due to an increase in net profit.

SUMMARY

OUR MAJOR CUSTOMERS AND SUPPLIERS

Customers

Our Group's customers include government and statutory bodies, financial institutions and general enterprises of various scales. For each of the three years ended 31 March 2012, 2013 and 2014, we had approximately 216, 198 and 137 customers respectively. For each of the three years ended 31 March 2012, 2013 and 2014, the revenue from our five largest customers accounted for approximately 53.4%, 53.8% and 49.8% of our revenue respectively, while the revenue from the largest customer accounted for approximately 17.5%, 16.2% and 14.5% of our revenue respectively. For the six months ended 30 September 2014, we had 109 customers. For the six months ended 30 September 2014, the revenue from our five largest customers accounted for approximately 55.2% of our revenue and the revenue from the largest customer accounted for approximately 18.6% of our revenue.

Relationship with Customer C (or Supplier B)

Customer C, a company incorporated in Hong Kong, is a group company of an international technology and consulting corporation based in the US. Customer C is both one of our top five customers and top five suppliers (Supplier B) during the Track Record Period. Being one of our top five customers, Customer C acted as the main contractor of IT application and solution development projects and maintenance and support projects and subcontracted work to our Group. On the other hand, we have entered into a business partner agreement with Supplier B and we purchased products from Supplier B for our provision of IT application and solution development services (other than the projects of Customer C) and IT infrastructure solutions.

The aggregate revenue derived from the provision of IT application and solution development services and maintenance and support services to Customer C by way of subcontracted work, accounted for approximately 10.5%, 10.3% and 9.6% of our revenue for each of the three years ended 31 March 2012, 2013 and 2014 and approximately 8.1% of our revenue for the six months ended 30 September 2014. The profit margin charged on Customer C during the Track Record Period and up to the Latest Practicable Date is comparable to our other customers. The cost of products purchased from Supplier B in association with our provision of IT application and solution development services and IT infrastructure solutions accounted for approximately 13.4%, 4.0%, 12.5% and 9.6% of our total cost of sales for the corresponding periods respectively.

Suppliers

Our suppliers are mainly hardware and software vendors or distributors in Hong Kong. During the Track Record Period, total purchases made from our top five suppliers accounted for approximately 47.3%, 50.1%, 56.1% and 54.0% of our total cost of sales for each of the three years ended 31 March 2012, 2013 and 2014 and the six months ended 30 September 2014, respectively. Purchases from our largest supplier accounted for approximately 18.6%, 19.6%, 20.1% and 22.0% of our total cost of sales respectively for the same period.

None of our Directors, their respective close associates or any of our existing Shareholders who, to the best knowledge of our Directors, own more than 5% of the share capital of our Company, has any interest in any of our five largest customers or suppliers during the Track Record Period.

SUMMARY

COMPETITIVE LANDSCAPE

The IT services and solutions industry in Hong Kong is highly competitive and fragmented with presence of both local and foreign service providers. There were about 12,035 IT services and solutions providers in Hong Kong in 2013. The majority of these providers are engaged in IT integration solution services with about 80% of them being enterprises with less than 20 employees. According to the Ipsos Report, the top five IT services and solutions providers only accounted for about 5.0% of the total market revenue in 2013. We have been in the industry for over 20 years and we were the fourth largest IT services and solutions provider in Hong Kong, representing a market share of approximately 0.4% in terms of revenue in 2013.

OUR COMPETITIVE STRENGTHS

Our Directors believe that our success is attributable to, among other things, the following competitive strengths: (1) we provide comprehensive IT solutions and services to cater for customers' needs; (2) we have well-established relationships with international IT product vendors; (3) we have a reputable and established customer base as well as solid relationships with business partners; and (4) we have an experienced management and professional team. Please refer to the paragraph headed "Our competitive strengths" under the section headed "Business" in this [REDACTED] for further details.

BUSINESS OBJECTIVES, FUTURE PLANS AND USE OF PROCEEDS

Based on the [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range), we estimate that the net proceeds from the [REDACTED] (after deducting [REDACTED] fees and estimated expenses in connection with the [REDACTED]) will be approximately HK\$[REDACTED]. We intend to allocate the net proceeds from the [REDACTED] for the purposes and in the amounts set out below:

- 26% of the net proceeds, representing approximately HK\$[REDACTED], for purchasing new office premises as well as equipping and renovating our existing office premises;
- 21% of the net proceeds, representing approximately HK\$[REDACTED], for expanding our professional team and enhancing our service quality;
- 21% of the net proceeds, representing approximately HK\$[REDACTED], for growing our business strategically through merger, acquisition or business collaboration;
- 12% of the net proceeds, representing approximately HK\$[REDACTED], for expanding our IT application and solution development business;
- 7% of the net proceeds, representing approximately HK\$[REDACTED], for starting a research and development team;
- 3% of the net proceeds, representing approximately HK\$[REDACTED], for strengthening our marketing efforts; and
- 10% of the net proceeds, representing approximately HK\$[REDACTED], for working capital and other general corporate purposes.

SUMMARY

Please refer to the paragraph headed "Business strategies" under the section headed "Business" and the paragraph headed "Use of proceeds" under the section headed "Future plans and use of proceeds" in this [REDACTED] for further details.

SHAREHOLDERS INFORMATION

Our ultimate Controlling Shareholders, namely, Mr. Lee, Mr. Chan, Mr. Yong and Mr. Tam entered into the Confirmation Deed to acknowledge and confirm that among each of them that they are parties acting in concert, together controlling 75% interest in the share capital of our Company through BIZ Cloud, Cloud Gear, Friends True and Imagine Cloud. As a result, each of Mr. Lee, BIZ Cloud, Ms. Saetia Ladda (spouse of Mr. Lee), Mr. Chan, Cloud Gear, Mr. Yong, Friends True, Ms. Ma Kit Ling (spouse of Mr. Yong), Mr. Tam and Imagine Cloud will be deemed interested in 75% interest in the share capital of our Company upon completion of the [REDACTED] and the [REDACTED].

MATERIAL ADVERSE CHANGE

Please refer to the [REDACTED] expenses incurred or to be incurred as set out under the paragraph headed "Impact on our financial results due to expenses incurred in relation to the [REDACTED]" of this section.

Save for the above, our Directors confirm that there had been no other material adverse change in the financial or trading position of our Group since 30 September 2014, being the date to which our latest audited financial statements were prepared, and up to the date of this [REDACTED].

DIVIDENDS AND DIVIDEND POLICY

We do not have any pre-determined dividend distribution ratio. The declaration of future dividends will be subject to our Directors' decision and will depend on, among other things, our earnings, financial condition, cash requirements and availability, and any other factors that our Directors may consider relevant. Any final dividend for a financial year will be subject to our Shareholders' approval.

Dividends declared by our Group for each of the three years ended 31 March 2012, 2013 and 2014 were approximately HK\$3.5 million, HK\$3.6 million and HK\$15.2 million respectively. On 26 February 2015, our Group declared a dividend of HK\$9,980,000 to our then existing Shareholders. As at the Latest Practicable Date, unpaid dividends amounted to approximately HK\$10,205,000 which will be settled by internal resources before [REDACTED].

RISK FACTORS

There are risks involved in our operations, many of which are beyond our control. Such risks include, among others, cost overruns or delays that we may encounter in our IT application and solution development projects; and our reliance on Customer C who acts as a main contractor of IT application and solution development projects and maintenance and support projects where we act as subcontractor as well as a supplier of hardware and software. Further, our subcontractor contract with the PRC Partner may be terminated if there is a change of control of ICO HK and the PRC Partner reasonably believes that such change of control may materially affect the performance by ICO HK of its obligations under the subcontractor contract.

SUMMARY

A detailed discussion of the risk factors that we believe are particularly relevant to us is set out in the section headed "Risk factors" in this [REDACTED].

RECENT DEVELOPMENT SUBSEQUENT TO TRACK RECORD PERIOD

The following is a summary of our selected unaudited financial information for the nine months ended 31 December 2014, which was reviewed by the reporting accountants in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Based on the unaudited management accounts of our Group for the nine months ended 31 December 2014, our turnover increased by approximately 105.7% from approximately HK\$130.8 million for the nine months ended 31 December 2013 to approximately HK\$269.0 million for the nine months ended 31 December 2014.

We recorded gross profit of approximately HK\$27.9 million and HK\$43.8 million, representing a gross profit margin of approximately 21.3% and 16.3% for the nine months ended 31 December 2013 and 2014 respectively.

Our Directors confirm that we did not have any material non-recurring income or expenses for the nine months ended 31 December 2014 save for expenses incurred in relation to the [REDACTED]. As at Latest Practicable Date, approximately 92.4% of outstanding trade debtors as at 30 September 2014 have been subsequently settled. As at the Latest Practicable Date, our Group has no bank borrowings and the unutilised banking facilities amounted to approximately HK\$5.1 million.

As at the Latest Practicable Date, our Group had a total of 12 IT application and solution development projects on hand (including projects that have commenced but not yet completed as well as projects that have been awarded to us but not yet commenced). The total contract value of these projects (including Project A) was approximately HK\$443.7 million. From 1 April 2014 and up to the Latest Practicable Date, we have been awarded six IT application and solution development projects with contract sum of over HK\$1 million individually. The six contracts have a total contract sum of approximately HK\$431 million, of which five contracts were awarded with the end customers being government bodies and the total contract sum is approximately HK\$429 million, and one contract was awarded by an existing customer from private sector. The duration of these six projects ranged from 8 to 40 months (including warranty period). The total unrecognised revenue of these six projects was approximately HK\$286 million as at 31 January 2015. As at the Latest Practicable Date, we have commenced work for these six projects.

Project A

Our Group partnered with the PRC Partner and submitted a tender for Project A in February 2014. We had gone through several key milestones including technical assessment, price assessment, financial capability assessment and negotiations before the award of Project A in November 2014. The PRC Partner is the main contractor under Project A and our Group is the sole subcontractor under it. The formal contract between the PRC Partner and the government (the "Main Contract") became effective following the fulfilment of all the conditions specified in the notification of conditional acceptance. Our Group has commenced work on Project A as at the Latest Practicable Date. The duration for the

SUMMARY

provision of IT application and solution development services is expected to be about 40 months (including a warranty period of 12 months) and the provision of maintenance services is for a period of nine years.

Due to the foreseeable demand for additional manpower for Project A, we have already increased the scale of recruitment in the second quarter of 2014. We have recruited an additional 34 full-time staff from 1 April 2014 to 30 November 2014, and will continue to recruit additional staff, mainly with technical knowledge, according to the estimated human resources plan. To the best knowledge of our Directors, the PRC Partner, together with us, was the only tenderer at the later stage of the tender process. Therefore, our Directors considered that we had a high chance to be awarded of the tender. We therefore began recruiting additional staff before Project A was awarded in order to meet the agreed schedule and had to have enough manpower to kick off the project immediately upon the award. Such early recruitment was not requested by the government. Should we not begin the recruitment process ahead of the award, we would not be able to meet the manpower demand. Our Directors opine that this kind of arrangement is in line with the industry norm. Had the tender not been awarded, the surplus staff, if any, would be disposed of through (i) natural wastage; (ii) internal redeployment of staff to other IT application and solution development projects or other business segments; and (iii) dismissal upon the expiry of the relevant employment agreements.

Apart from the committed human resources, our Group did not make or enter into any commitment on the financial resources under both the Main Contract and the subcontractor contract in relation to Project A.

We are experienced in delivering IT application and solution development projects of various scales and nature including projects for the government of HKSAR. However, Project A is the largest project we have undertaken in terms of contract value since we commenced our business.

Based on the total estimated resources planning, the estimated gross profit margin of the entire Project A is about 20%, which is lower than the historical average gross profit margin of both IT application and solution development segment and the maintenance and support services segment during the Track Record Period. Project A has a lower profit margin because we adopted a competitive pricing strategy during the tendering process to achieve winning of the tender. Further, a large portion of IT application and solution development services under Project A contains the procurement of IT products provided by third parties which we are unable to charge a high premium. We also estimate that the gross profit margin of the maintenance and support segment will be higher than that of the IT application and solution development segment. Accordingly, we expect that the overall gross profit margin of the IT application and solution segment for the three years ending 31 March 2015, 2016 and 2017 will be decreased as compared to that of the Track Record Period. Although our overall gross profit may be increased, the gross profit margin of our Group will be decreased during such periods. There will be an expected decrease in the gross profit margin of the maintenance and support services segment during the years ending 31 March 2019 to 2027 as compared to that of the Track Record Period.

Our Group has commenced work on Project A in November 2014. We expect to record approximately 15%, 21% and 6% of the subcontracting revenue for the years ending 31 March 2015, 2016 and 2017. Our progress of work under Project A was in accordance with the schedule and timeline as at the Latest Practicable Date. An unaudited revenue of approximately HK\$96.9 million was derived from Project A up to 31 December 2014 and was fully settled as at the Latest Practicable Date. For

SUMMARY

further details regarding the financial implication of Project A, please refer to the paragraph headed "Financial implication of Project A" under the section headed "Financial information" in this [REDACTED].

Our Directors confirm that (i) there has been no material adverse change in the general economic and market conditions, legal, the industry and the operating environment in which our Group operates that materially and adversely affected our Group's financial or operating position since 30 September 2014 and up to the date of this [REDACTED], (ii) there has been no other material adverse change in the trading and financial positions or prospects of our Group since 30 September 2014 and up to the date of this [REDACTED], and (iii) no event has occurred since 30 September 2014 that would materially and adversely affect the information shown in the Accountants' Report set out in Appendix I to this [REDACTED].

[REDACTED]

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Save as disclosed in the section headed "Financial information" in the [REDACTED], our Directors have confirmed that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.