Potential investors should consider carefully all the information set out in this [REDACTED] and, in particular, should consider and evaluate the following risks associated with an investment in our Company before making any investment decision in relation to our Company. The trading price of the Shares could decline due to any of these risks, and you may lose part or all of your investment.

RISKS RELATING TO OUR GROUP

We may encounter cost overruns or delays in our IT application and solution development projects, which may materially and adversely affect our business, financial position and results of operation

We generally provide IT application and solution development services on a project basis. Some IT application and solution development projects are awarded through competitive tendering process. We have to estimate the time and costs needed for the implementation of these IT application and solution development projects in order to determine the quotations. There is no assurance that the actual time taken and costs incurred would not exceed our estimation. We expect to continue bidding on fixed-price contracts, the terms of which normally require us to complete a project for a fixed price, increasing the possibility of exposing us to cost overruns and resulting in lower profits or losses in a project. 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 material cost overruns.

The actual time taken and cost incurred by us in completing IT application and solution development projects may be affected by many factors, including technical difficulties, integration with third party vendors' products, and other unforeseeable problems and circumstances. Any one of these factors can cause delays in the completion of project or cost overruns.

Most of our IT application and solution development projects are subject to specific completion schedules and some of our customers are entitled to claim liquidated damages from us if we do not meet the schedules. Liquidated damages are typically levied at an agreed rate for each day or part of a day for such delay. Failure to meet the schedule requirements of our contracts may result in a significant number of liquidated damages claims, other contract liabilities and disputes with the customers or even the termination of relevant contracts.

There is no guarantee that we would not encounter cost overruns or delays in our current and future IT application and solution development projects. Should such problems occur, our business, financial position and results of operations would be materially and adversely affected.

We rely on Customer C (also known as Supplier B) in relation to the supply of products for our provision of IT application and solution development services and IT infrastructure solutions, and any shortage or delay in the supply of products from Supplier B or any deterioration of business relationship with Customer C may materially or adversely affect our results of operations

Customer C was one of our top five customers and top five suppliers during the Track Record Period. During the Track Record Period, 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; hence, Customer C is a customer of our Group under the IT application and solution development services and maintenance and support services segments. On the other hand, we have entered into a business partner agreement with Supplier B and we purchased branded hardware and software from Supplier B for our provision of IT application and solution development services (as main contractor) 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 8.1% of our revenue for the six months ended 30 September 2014 respectively. 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% and 12.5% of our total cost of sales for each of the three years ended 31 March 2012, 2013 and 2014 and 9.6% of our total costs of sales for the six months ended 30 September 2014 respectively.

Although our Group will continue to strive to act as a main contractor for our IT application and solution development services and endeavour to diversify our product portfolio for IT infrastructure solutions, our Directors expect that revenue derived from Customer C from the provision of IT application and solution development services and maintenance and support services, and the products purchased from Supplier B or its distributors in association with our provision of IT application and solution development and IT infrastructure solutions will continue to account for a relatively large portion of our Group's revenue or costs of sales in the foreseeable future.

Furthermore, the business partner agreement with Supplier B is for a term of one year and is subject to automatic renewal for a two-year term upon expiry. There is no assurance that there will be no deterioration in our relationship with Customer C and/or Supplier B and it will not terminate the business partner agreement with our Group in the future.

Any shortage of or delay in the supply of products from Supplier B may materially and adversely affect our results of operations. There is also no assurance that there will be no deterioration in our relationship with Customer C which could affect our ability to be engaged by Customer C as its subcontractor in our provision of IT application and solution development and maintenance and support services. Therefore, if Customer C does not subcontract work to our Group, or if our Group is not able to renew the business partner agreement, or if the business partner agreement is terminated by Supplier B, our Group's business, financial position and results of operations may be adversely affected.

We may record net cash outflows during the implementation of IT application and solution development projects. We may not have sufficient working capital if we take up too many significant projects in the future, which may affect our financial position

Net cash outflows may be recorded during the implementation of IT application and solution development projects as we are required to pay project expenditures before the actual receipt of payments from customers. As the projects progress, the cash outflows may further increase, and so will the burden on our working capital. We may also be required to place a security sum with the customer to ensure our due performance during the term of the contract and the security sum will not be released until the completion of the project. If we take up too many significant projects during a particular period of time and we do not have sufficient working capital to pay project expenditures or if our customers do not release the security sum to us, our financial condition, including cash flow may be adversely affected.

Our contracts are project basis which creates uncertainty as to our future revenue streams

Our IT application and solution development services are conducted on a project-by-project basis which is not recurrent in nature. Our customers may subsequently engage us in enhancement works or conducting upgrades for the systems developed by us in previous projects. Our customers may also engage us to develop new IT systems after the retirement of outdated systems. However, there is no assurance that the customers will continue to provide us with new businesses after completion of our projects.

After the completion of the IT application and solution development projects, we usually provide maintenance and support services to our customers under separate agreements. We cannot guarantee that these maintenance and support service agreements will be renewed in the future nor can we guarantee that we shall be able to enter into new agreements with our customers.

As to secondment services, the terms of our agreements with our customers generally ranged from 4 months to 18 months. We also cannot guarantee that our customers will renew the agreements with us.

The contracts are project basis which creates uncertainty as to future revenue streams. In the event that we are unable to renew the existing agreements or secure new engagements with customers or that customers substantially reduce their purchase orders, our business and future revenue will likely be adversely affected.

Our revenue from our top five customers accounted for approximately 53.4%, 53.8%, 49.8% and 55.2% of our revenue for each of the three years ended 31 March 2012, 2013 and 2014 and for the six months ended 30 September 2014 respectively, and any decrease in our sales to any one of them would affect our operations and financial results

Our revenue from our top five customers for each of the three years ended 31 March 2012, 2013 and 2014 accounted for approximately 53.4%, 53.8% and 49.8% respectively of our total revenue, while our revenue from our largest customer accounted for approximately 17.5%, 16.2% and 14.5% respectively of our total revenue in the corresponding period. Likewise, our revenue from our top five customers for the six months ended 30 September 2014 accounted for approximately 55.2% of our total revenue. Meanwhile, our revenue from our largest customer accounted for approximately 18.6% of our total revenue for the six months ended 30 September 2014.

As Project A was awarded to us in November 2014, the PRC Partner is likely to become the largest customer in the years ahead and the percentage of revenue from our Group's top five customers shall increase significantly given the size of Project A. We estimate that our Group's revenue from the largest customer will increase to over 35% of total revenue in each of the two years ending 31 March 2015 and 2016 respectively.

It is not assured that we can successfully expand our customer base and secure new customers given the competitiveness of the industry in which we operate. Reduction in the demand for or the termination of our services by our top five customers may cause material fluctuations or a decrease in our revenue which in turn may adversely affect our business, financial condition and results of operation.

Our Group's financial performance deteriorated during the Track Record Period. Should our Group's financial performance deteriorate in the future as a result of the early termination or material delays of Project A, the liquidity, financial position, business operations and prospect of our Group will be adversely affected and investors will be exposed to high risk of investment in our Company

Our Group's financial performance deteriorated during the Track Record Period. Our total turnover decreased by approximately HK$24.5 million, or approximately 11.1% from approximately HK$220.7 million for the year ended 31 March 2012 to approximately HK$196.2 million for the year ended 31 March 2013. Our revenue decreased by approximately 3.1% from HK$196.2 million for the year ended 31 March 2013 to approximately HK$190.0 million for the year ended 31 March 2014. The decrease in revenue was mainly attributable to (i) certain IT application and solution development projects were only at their early stages during the year ended 31 March 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 decreased by approximately 6.8% from 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) there were delays in the tender awarding process of IT application and solution projects; and (ii) one of our top five customers has a non-annual purchase cycle for IT infrastructure solutions and placed its orders at different periods each year.

We also suffered from (i) decreasing gross profit margin of IT infrastructure solutions which was mainly due to the increase in direct labour cost as a result from 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; (ii) decreasing gross profit margin of maintenance and support services due to the completion of a high-premium-charged maintenance contract during the period; (iii) reducing net profits, operating cash flow, and cash and cash equivalents as a result of the decrease in turnover.

The financial performance of our Group is expected to improve in light of Project A. However, if there is early termination, suspension, delay or postponement of Project A, our revenue, gross profit and financial performance will be adversely affected. In such case, we may not be able to achieve a level of profit comparable to that of the Track Record Period in the future. Should the early termination or material delays of Project A result in deterioration of our Group's financial performance, the liquidity, financial position, business operations and prospect of our Group will be adversely affected and investors will be exposed to high risk of investment in our Company.

The subcontractor contract with the PRC Partner for Project A may be terminated if there is a change of control of ICO HK

Pursuant to the subcontractor contract with the PRC Partner for Project A, the PRC Partner may terminate the subcontractor contract 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.

A "change of control" occurs if either (i) the majority of shares (i.e. more than 50% of the shares) carrying a right to vote in ICO HK or its holding company (i.e. Wide Faith) are acquired by a person who is not at the date of the subcontractor contract a majority shareholder, or (ii) there is a change in the ownership of the legal power to direct, or determine the direction of, the general management and policies or its holding company.

The termination of the subcontractor contract will have a significant impact on our Group's business and prospect.

Our future projects may not have a size comparable to that of Project A

The total subcontracting revenue to be recognised by our Group under Project A is expected to be over HK$900 million and Project A is the largest project in terms of contract value that we have undertaken since we commenced our business. As at the Latest Practicable Date, we have not submitted any tender proposal for projects with a scale comparable to Project A. There is a risk that we may not be able to obtain projects with size comparable to Project A in the future.

The gross profit margin of the IT application and solution development segment and the overall gross profit margin of our Group are expected to be lowered for the years ending 31 March 2015, 2016 and 2017

Our Group's revenue is expected to be increased which is attributed to the IT application and solution development segment from Project A and make the segment the larger proportion of revenue for our Group in the years ending 31 March 2015, 2016 and 2017. The gross profit margin of IT application and solution development segment was approximately 37.4%, 48.2% and 34.1% for the two years ended 31 March 2013 and 2014 and six months ended 30 September 2014. Since the estimated gross profit margin of the entire Project A is projected to be about 20%, which is lower than the historical average gross profit margin of the IT application and solution development segment during the Track Record Period. There will be an expected decrease in gross profit margin of the segment in the 2015, 2016 and 2017 financial years as compared to the Track Record Period. Despite of our overall gross profit may be increased during the period, the overall gross profit margin of our Group may be decreased as a result of decrease in gross profit margin of the IT application and solution development segment.

We are dependent upon recruiting and retaining eligible staff. Any shortfall in our workforce or increase in labour cost may materially impede our business operations and adversely affect our financial results

Our business and success depend heavily on the services provided by our staff. However, the number of eligible staff is fairly limited in the market. It is of particular importance for our secondment business to have eligible staff to fulfil our customers' needs. Any significant increase in the turnover rate of our staff coupled with our inability to recruit eligible staff for replacement expeditiously may cause a shortfall in our workforce and have a material adverse impact on our business.

Given the keen competition for IT professionals, we were compelled to offer competitive remuneration to our staff to maintain a steady workforce. As a result, the contribution of labour cost to our cost of sales was approximately 35.7%, 38.9% and 38.0% for each of the three years ended 31 March 2012, 2013 and 2014 and approximately 40.7% for the six months ended 30 September 2014 respectively. As most of our contracts are fixed-price in nature, if there is an increase in our labour cost, our Group may not be able to pass the rising labour cost onto our customers. Therefore, our financial results may be adversely affected.

Our results of operation and financial conditions are highly susceptible to changes in the political, economic and social conditions in Hong Kong

Our business operation in Hong Kong is subject to economic, political and social developments in Hong Kong. Any unfavourable changes of political, economic or social conditions, in particular, the recent political crisis and occupy central movement, may has produced social instability or uncertainty and has adverse effect on the economic and trading activities in Hong Kong. This may in turn affect demand for our Group's products and services, resulting in deteriorated financial performance of our Group. In addition, approximately 5.9%, 10.1%, 7.6% and 2.4% of our total revenue were generated from sales to government and statutory bodies in Hong Kong during the Track Record Period. Adverse changes of political, economic and social conditions in Hong Kong may cause delays in tender awarding process of government and decrease in the government procurement, which may in turn adversely affect our business, financial condition and results of operation.

Leakage or misappropriation of confidential information handled by us could have an adverse effect on our reputation and business operations

During the course of providing our services, we may have access to and be entrusted with information that is confidential in nature, such as information that relates to customers' systems, operations, raw data or affairs. We presently rely on various means to protect the confidentiality of our customers' information, including our internal control manual and the non-disclosure arrangements with our employees. However, there is no assurance that the steps taken by us will successfully prevent any leakage or misappropriation of confidential information of our customers. Any leakage or misappropriation of confidential information of our customers could expose us to the complaints or claims of our customers, which may have a material and adverse effect on our reputation and business operations.

We may be vicariously liable for the acts or omissions of our staff and face claims or legal actions brought by our customers for damages caused by the negligent conduct or fault of our staff

Our staff may be required to work at our customers' premises or seconded to work for our customers for a fixed period of time. Despite the fact that our staff may be working under the supervision of our customers, we may still be vicariously liable for their acts or omissions while they carry out their responsibilities entrusted to them by our customers. We may face claims or legal actions brought by our customers for damages caused by the negligent conduct or fault of our staff. In such event, we may need to incur additional costs to settle or defend these claims or legal actions against our business or else our results of operation may be adversely affected.

Since our performance relies heavily on key executives and personnel, our business may be adversely affected if we fail to retain them or find suitable replacements

Our performance depends, to a significant extent, on the continued services and performance of our key executives and personnel who have a comprehensive understanding of our customers' requirements. Our executive Directors and senior management are considered to be important to our future success. We expect that workforce management and retention will continue to be an important challenge faced by our Group. Failing to recruit or retain key executives and personnel, or the loss of the services of any of such personnel, could have an adverse effect on our business.

Our Group's performance also depends on our ability to hire and retain employees with the necessary level of knowledge and qualification. We shall need to recruit additional personnel to achieve our planned expansion. Competition for employees with the necessary experience and expertise in the IT industry is intense and is expected to increase, and we may not be able to retain existing employees or identify and recruit new employees because of such competition. Any significant increase in the turnover rate of our employees together with our inability to recruit replacement employees expeditiously could have a material adversely effect on our business and results of operations.

We are exposed to potential liabilities for damages or injuries caused by our negligent acts or omissions in providing our services, or defective hardware and software provided by us

Many of the IT solutions and software applications developed by us are critical to the operations of our customers' businesses. Any defects or errors in these solutions and software applications could affect our customers' operations. Although our solutions and software normally run through acceptance tests before final launch, there is no assurance that all the bugs, errors or flaws in our solutions and software have been detected and corrected. Some of our contracts for IT application and solution development and secondment services require us to indemnify the customers from any claims, loss and damages, attributable to our negligent acts or omissions, resulting in any personal injury, loss to property, infringement of intellectual property rights, or leakage of confidential information.

In general, our Group does not take out any insurance to cover risks associated with our service contracts. In some cases, customers of IT application and solution development require us or the main contractor (in the case of us being a subcontractor) to take out contractors' all risks insurance. However, if any material losses, damages or liabilities fall outside the scope and/or limit of the insurance coverage, we shall be responsible for such damages or losses, which will adversely affect our financial results.

Currently, we do not take out any product liability insurance and as advised by our Directors, it is not the general industry practice to take out such insurance. Should any of our customers make a claim against us for loss suffered due to defective products, our reputation, profitability and business would be adversely affected.

Concentration on a number of key suppliers may affect our operations. Our business and results of operations could be materially and adversely affected should there be any disruption in the supply of hardware and software from our major suppliers, material product defects, failure of suppliers' products to maintain competitiveness, or loss of the suppliers

Our five largest suppliers accounted for approximately 47.3%, 50.1% and 56.1% of our total cost of sales for each of the three years ended 31 March 2012, 2013 and 2014 and 54.0% for the six months ended 30 September 2014 respectively.

If we are unable to source the hardware and software from our suppliers in a timely manner and under acceptable terms, we may not be able to meet the delivery schedules or may encounter delays in our projects. Should there be any disruption in the supply of hardware and software from our major suppliers, we may be unable to identify an alternative source of supply with competitive prices and satisfactory quality, thus our business and results of operations may be adversely affected.

Concentration on a number of key suppliers generally involves several risks, including the possibility of defective products from a supplier, loss of market share of supplier's products, failure of supplier's products to maintain their competitiveness because of changing IT standards or customers' preference, a shortage of product supply and loss of such suppliers. Our revenue and profitability could be materially and adversely affected, particularly when we are unable to identify alternative sources of supply for the same or similar products in a timely manner.

Quality of the IT software and hardware provided by the suppliers is not under our control. If the products provided by the suppliers are defective or fail to meet the required standards, our business and reputation may be adversely affected

Our Group provides a variety of software and hardware to our customers as part of the IT application and solution development and IT infrastructure solutions. However, we are not able to control the quality of those products provided by the suppliers. If the products provided by the suppliers are defective or fail to meet the required standards, our business and reputation may be adversely affected. We may also be subject to legal proceedings initiated by the aggrieved customers in respect of the product defects. In such event, we may need to incur additional costs to settle or defend these claims or legal actions which could have material adverse effects on our reputation and financial conditions.

Our financial performance for the year ending 31 March 2015 would be adversely affected by the [REDACTED] expenses

Based on the [REDACTED] of HK$[REDACTED] per Share (being the mid-point of the proposed price range), it is estimated that an aggregate amount of approximately HK$[REDACTED] would be paid to the [REDACTED] and various professional parties as [REDACTED] expenses. The [REDACTED] expenses borne by our Company will be treated as follows: (i) approximately HK$[REDACTED] will be charged to profit or loss account, for the year ending 31 March 2015, which will reduce the profit for the year ending 31 March 2015 correspondingly; and (ii) approximately

HK$[REDACTED] will be accounted for as a deduction from our share premium account for the year ending 31 March 2015. Accordingly, our Group's financial performance for the year ending 31 March 2015 is expected to be materially and adversely affected by the estimated expenses in relation to the [REDACTED]. The profitability of our Group for the year ended 31 March 2014 might not necessarily give any indication of, and should not be interpreted as a guidance for, the total profit of our Group for the year ending 31 March 2015. It must be emphasised that the amount of such [REDACTED] expenses is a current estimate for reference only and the final amount to be recognised as profit or loss of our Group for the year ending 31 March 2015 is subjected to audit and changes in variables and assumptions at the relevant time.

We may not be able to successfully implement our strategies, or achieve our business objectives

Our business objectives as set out in this [REDACTED] are based on our existing plans and intentions. However, the objectives are based on prevailing circumstances and the development trend of the IT service industry currently known to our Directors. We intend to expand our existing business in accordance with the objectives. We have to recruit additional employees with the necessary skills and knowledge to achieve our planned expansion. Our Directors believe that competition for skilled IT professionals is intense in Hong Kong. As a result, we may encounter shortages of skilled and competent personnel, which may hamper our ability to implement our strategies in the future. In addition, the planned expansion may result in significant capital expenditures incurred by us, which may or may not be recoverable, and may divert management's attention from other business concerns. There is no assurance that we will successfully implement our strategies or that our strategies, even if implemented, will result in us achieving our objectives. Our business, operating results and financial position may be materially and adversely affected if our business objectives are not achieved.

Any infringement of our intellectual property rights or any infringement by us on the intellectual property rights of others, in particular our customers, may adversely affect our business and our financial performance

Any unauthorised use of our trademark or domain name by our competitors in their corporate names or brands could harm our image and erode our competitive advantages. The contract terms of our IT application and solution development projects normally require that all intellectual property rights attached to the software programmes developed by us and other data or material are owned by our customers. There are also a number of cases in which we retain the ownership of the intellectual property rights in the developed software. It is difficult to keep track of unauthorised use of our proprietary rights and the steps taken by us may not effectively prevent infringement of our intellectual property rights. If we have to resort to litigation to enforce our intellectual property rights, significant legal costs may be incurred.

Conversely, there is also a risk that we may infringe the intellectual property rights of others, including our customers. In addition, a number of open source software and third party software may have been used in the development, testing or operation of our software applications. Therefore, we may have to obtain licenses for the use of such open source software and third party software and comply with the terms and restrictions therein. There can be no assurance that we will not be claimed against or alleged to have used any of our customers' or third party's source codes or software or for breaching any terms and restrictions under any license or other obligations. These claims could be costly and may divert the attention of our management from operating our business. If we become liable to third parties for infringing their intellectual property rights, we may be required to pay substantial damages, incur additional expenditure to develop non-infringing alternatives or to obtain license, or to cease selling the applications that contain the infringing properties.

We are subject to covenants under certain banking facilities and we may not be able to comply with them at all times

Our banking facilities are subject to covenants. If we fail to comply with these covenants and are unable to rectify such non-compliance, the drawn down facilities may become repayable on demand at the request of the lenders.

As at 31 March 2012, 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 due to the fact that 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. Please refer to the section headed "Indebtedness" under "Financial information" of this [REDACTED] for details.

If we do not comply with the covenants with lenders in the future, we may be subject to accelerated repayment obligations and may be unable to renew or obtain sufficient banking facilities on commercially acceptable terms or at all, which in turn could materially and adversely affect our liquidity position.

RISKS RELATING TO OUR INDUSTRY

The IT industry is highly competitive, eroding the profits of the market players

The markets for IT application and solution development services, IT infrastructure solutions services, secondment services and maintenance and support services are highly competitive. There is a large supply of IT solutions and other application software products and services in the market which are similar to those offered by us. We compete with Hong Kong and international vendors or service providers.

For large scale IT application and solution development projects, our Directors believe that the barriers of entry are relatively high as they generally require sophisticated technical know-how and extensive development experience. However, we may have to compete with internationally renowned IT services providers for these projects.

This intense competition may result in competitive pricing, which may have an adverse impact on our operating performance and profitability.

We may not be able to keep up with rapid technological changes and may be driven out of competition

The IT industry is characterised by rapidly changing technology, evolving industry standards, frequent introductions and enhancements of new products and services, and changing customer demands. The introduction of new technology and the emergence of new industry standards may render our services to be obsolete and uncompetitive. Accordingly, our future success will depend on our ability to adapt to rapidly changing technologies, to adapt our services to the evolving industry standards and continually improving the know-how of our staff in response to evolving demands of the market place. Failing to adapt to such changes would have a material adverse effect on our business.

RISK FACTORS RELATING TO OUR OPERATIONS IN THE PRC

The PRC legal system is not fully developed and has inherent uncertainties that may limit the legal protections available to our Group, especially on the protection of intellectual property rights

The PRC legal system is fundamentally based on written status and legal interpretation by the Standing Committee of the National People's Congress. Although prior court decisions may be cited for reference, they have limited precedential value. Since 1979, the PRC government has established a commercial law system, and significant progress has been made in promulgating laws and regulations relating to economic affairs and matters, such as corporate organisation and governance, foreign investment, commerce, taxation, trade and intellectual property rights. However, many of these laws and regulations are relatively new, and due to limited volume of published cases and their non-binding nature, interpretation and enforcement of these laws and regulations involve uncertainties which may limit the legal protections available to our Group. The protection of trademarks, copyrights, trade secrets and other intellectual property rights in the PRC are also limited. We cannot guarantee that the relevant law enforcement agencies will be able to prohibit, punish and prevent the occurrence of trademark and copyright infringement in the PRC.

It may be difficult for investors in seeking recognition and enforcement of foreign judgments or arbitral awards against our Group in the PRC

It may be difficult for investors to enforce foreign judgments or arbitral awards against our Group within the territory of the PRC. The PRC does not have treaties or arrangements providing recognition and enforcement of judgments made by the courts in most jurisdictions. On 14 July 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Region Pursuant to Choice of Court Agreements Between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄民商事案件判決的安排) (the "Arrangement"), pursuant to which a party with a final court judgment rendered by Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in China. Similarly, a party with a final judgment rendered by a PRC court requiring monetary payment in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. As such, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute have not entered in writing a choice of court agreement. Therefore, investors may have difficulties effecting service of process against our Group's assets in the PRC in order to seek recognition and enforcement of foreign judgments in the PRC.

The PRC is a signatory to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention"), which allows for the enforcement of arbitral awards given by the arbitral bodies of other New York Convention signatories. Following the resumption of sovereignty over Hong Kong by the PRC on 1 July 1997, the New York Convention is no longer applicable for the enforcement of arbitral awards of Hong Kong in other parts of the PRC. As a result, a memorandum of understanding was signed on 21 June 1999 to permit reciprocal enforcement of arbitral awards between Hong Kong and the PRC. Such memorandum of understanding was approved by the Supreme People's Court and the Hong Kong legislative council and came into effect on 1 February 2000. Hence, it may be difficult to seek recognition and enforcement of arbitral awards in the PRC if the arbitral awards were awarded by arbitral bodies that are not signatories to the New York Convention, and do not have similar arrangements under the memorandum of understanding between Hong Kong and the PRC.

Foreign exchange control and foreign investment regulations in the PRC may adversely affect the efficiency or results of operations of the subsidiaries or associates of our Group in the PRC

RMB is not a freely convertible currency at present. The PRC government regulates conversion between RMB and foreign currencies. Under the PRC foreign exchange rules and regulations, payments of current account items, including profit distributions, service of foreign debts, interest payments and expenditures related to business operations, are permitted to be made in foreign currencies without prior government approval but are subject to certain procedural requirements. However, it is not assured that the current PRC foreign exchange policies regarding debt service and payment of dividends in foreign exchange will continue in the future, and that our Group will be able to meet all of our foreign currency obligations or to remit profits to our Shareholders in the form of dividends. In addition, changes in PRC foreign exchange policies may have a negative impact on the abilities of Tian Li Shi to distribute dividends in foreign currencies.

Strict foreign exchange controls continue to apply to capital account transactions. Capital account transactions must be approved by or registered with SAFE. Repayments of loan principal, distributions of returns on direct capital investment and investments in negotiable instruments are also subject to restrictions. Subsequent to the [REDACTED], our Group may have the choice, as permitted by the PRC foreign investment regulations, to invest the net proceeds from the [REDACTED] into Tian Li Shi, either through increasing registered capitals or through increasing investment amounts to finance our operations in the PRC. In such case, Tian Li Shi is required to obtain the prior approval of and make registration with the relevant PRC authorities. These regulations may limit the ability or delay the transfer of funds from our Company to Tian Li Shi, which may have an adverse impact on our business operations.

Withholding tax on dividends received from Tian Li Shi may affect our Company's ability to pay dividends to the Shareholders

Our Company is incorporated under the laws of the Cayman Islands and indirectly holds interests in Tian Li Shi. Under the Law of PRC on Enterprise Income Tax (中華人民共和國企業所得稅法) (the "EIT Law") and the Implementation Rules of the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例) (the "Implementation Rules") which became effective on 1 January 2008, dividends payable to foreign investors that are "derived from sources within the PRC" may be subject to income tax at the rate of 10% by way of withholding, unless otherwise entitled to certain tax reductions or exemptions, for example, under certain tax treaties.

According to the Arrangements Between Mainland and Hong Kong Special Administrative Region for Avoiding Dual Taxation on Income and Preventing Escape of Taxation (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), a withholding tax at the rate of 5% applies to dividends paid by a PRC enterprise to a Hong Kong resident, provided that the dividend recipient is an enterprise that holds at least 25% of the capital of the PRC subsidiary. Pursuant to the Notices on Issues relating to the Administration of the Dividend Provision in Tax Treaties (關於執行稅收協定股息條款有關問題的通知) (the "Notices") promulgated on 20 February 2009 by the State Administration of Taxation of the PRC, the qualification for dividend recipient to enjoy tax preferential treatment of being levied at 5% rate is as follows: (i) the recipient of the dividend must be a corporation; (ii) the recipient's ownership in the Chinese company must meet the prescribed 25% direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends; and (iii) the deal or arrangement is not mainly for the purpose of obtaining the tax preferential treatment.

Since Tian Li Shi has not distributed any dividends during the Track Record Period, whether the dividend's withholding tax rate is 5% will depend, in part, on how the PRC tax authorities apply or enforce the EIT Law and the Implementation Rules. Such withholding tax will in turn reduce the amount of dividends or other distributions our Company may receive and restrict our ability to pay dividends to the Shareholders.

RISK FACTORS RELATING TO THE [REDACTED] AND THE SHARES

There has been no prior public market for our Shares. If an active trading market for our Shares does not develop, the price of our Shares may be adversely affected and may decline below the [REDACTED]

Prior to the [REDACTED], there was no public market for our Shares. The [REDACTED] was the result of negotiations between us and the [REDACTED] (for itself and on behalf of the [REDACTED]), and the [REDACTED] may differ significantly from the market price for the Shares following the [REDACTED].

In addition, we cannot assure you that an active trading market will develop or be maintained following the completion of the [REDACTED], or that the market price of our Shares will not decline below the [REDACTED].

The liquidity and market price of our Shares following the [REDACTED] may be volatile

The price and trading volume of our Shares may be highly volatile. Factors such as variations in our revenues, earnings, cash flows, new products/services/investments, changes in senior management and general economic conditions could cause the market price of our Shares to change substantially. Any such development may result in large and sudden changes in the volume and price at which our Shares will trade.

The Shareholders' interests in our Company may be diluted as a result of additional equity fund raising

We may issue additional Shares to raise additional funds in the future to finance our business expansion. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of those existing Shareholders may be reduced, and they may experience subsequent dilution, and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders.

Historical dividends do not guarantee future dividends

Dividends declared by our Group for each 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]. Dividends to be declared and paid in the future will be subject to, among others, the full discretion of our Directors, and would depend on our Group's future earnings, capital requirements and surplus, the general financial condition and any other factors which our Directors may consider relevant. Accordingly, the historical dividends of our Group should not be treated as an indication of the future dividend policy of our Group. Further details on the dividend policy of our Group are set out in the subsection headed "Dividends and dividend policy" under the "Financial information" section in this [REDACTED].

Sale or perceived sale of substantial amounts of the Shares in the public market after the [REDACTED] could adversely affect the prevailing market price of the Shares

The Shares beneficially owned by the Controlling Shareholders are subject to certain lock-up periods under the GEM Listing Rules. There is no assurance that the Controlling Shareholders, whose interests may be different from those of other Shareholders, will not dispose of their Shares following the expiration of the lock-up periods. Sale of substantial amounts of the Shares in the public market, or the perception that such sale may occur, could adversely affect the prevailing market price of the Shares.

The interest of the Controlling Shareholders may not always coincide with the interests of our Company and those of other Shareholders. Should there be any conflict of interests, our Company or other Shareholders may be adversely affected as a result

Upon completion of the [REDACTED] and the [REDACTED], the Controlling Shareholders will own, in aggregate, 75% of the Shares in issue. The Controlling Shareholders will therefore have significant influence over the operations and business strategy of our Group, and may have the ability to require our Group to effect corporate actions according to their own desires. The interests of the Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of the Controlling Shareholders conflict with the interests of other Shareholders, or if any of the Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, our Company or those other Shareholders may be adversely affected as a result.

RISKS RELATING TO STATEMENTS MADE IN THIS [REDACTED] AND FROM OTHER SOURCES

Certain statistics and facts in this [REDACTED] are derived from various official government sources and publications or other sources and have not been independently verified

This [REDACTED] includes certain statistics and facts that are extracted from official government sources and publications or other sources. We believe that such statistics and facts are prepared by the relevant sources after having taken reasonable care. Whilst our Company believes that it is prudent for us to rely on such statistics and facts, there is no assurance that such statistics and facts are free from error or mistake. The statistics and facts from these sources have not been independently verified by our Company, our Directors, the Sponsor, the [REDACTED], the [REDACTED], or any of their respective directors, affiliates or advisers or any other party involved in the [REDACTED] and no representation is given as to their accuracy and completeness. Due to possible flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics from official government publications referred to or contained in this [REDACTED] may be inaccurate or may not be comparable to statistics produced for other economies and should not be relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such statistics or facts.

Forward-looking statements in this [REDACTED] may prove inaccurate

This [REDACTED] contains certain forward-looking statements relating to the plans, objectives, expectations and intentions of our Directors. Such forward-looking statements are based on numerous assumptions as to the present and future business strategies of our Group and the development of the environment in which our Group operates. These statements involve known and unknown risks, uncertainties and other factors which may cause the actual financial results, performance or achievements of our Group to be materially different from the anticipated financial results, performance or achievements of our Group expressed or implied by these statements. The actual financial results, performance or achievements of our Group may differ materially from those discussed in this [REDACTED].

We strongly caution you not to place any reliance on any information contained in press articles, media coverage and/or research analyst reports regarding us, our industry or the [REDACTED]

There may be press articles, media coverage and/or research analyst reports regarding us, our industry or the [REDACTED], which may include certain financial information, financial projections and other information about us that do not appear in this [REDACTED]. We have not authorised the disclosure of any such information in the press, media or research analyst report. We do not accept any responsibility for any such press articles, media coverage or research analyst report or the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this [REDACTED] is inconsistent or conflicts with the information contained in this [REDACTED], we disclaim it. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the financial, operational and other information included in this [REDACTED].