Vixtel Technologies Holdings Limited
飛思達科技控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code on Main Board: 1782)
(Stock code on GEM: 8342)

TRANSFER OF LISTING FROM THE GROWTH ENTERPRISE MARKET TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Financial adviser to the Company

光大證券
EBS INTERNATIONAL

On 13 February 2018, an application was made by the Company to the Stock Exchange for the Transfer of Listing from GEM to the Main Board. The Company has applied for the listing of, and permission to deal in, (i) 508,000,000 Shares in issue; and (ii) 48,674,500 new Shares, being the maximum number of new Shares which may fall to be issued pursuant to the exercise of all options which has been or may be granted under the Share Option Scheme, on the Main Board by way of the Transfer of Listing pursuant to Chapter 9A of the Main Board Listing Rules.

The Board is pleased to announce that the approval-in-principle for the Transfer of Listing has been granted by the Stock Exchange on 21 November 2018 for the Shares to be listed on Main Board and de-listed from GEM. The last day of dealings in the Shares on GEM (stock code: 8342) will be 28 November 2018. It is expected that dealings in the Shares on the Main Board (stock code: 1782) will commence at 9:00 a.m. on 29 November 2018. As at the date of this announcement, all pre-conditions for the Transfer of Listing have, insofar as applicable, been fulfilled in relation to the Company and the Shares.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. No change will be made to the English or Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the share registrars and transfer offices of the Company following the Transfer of Listing.

Reference is made to the announcement issued by the Company on 13 February 2018 in relation to the formal application submitted to the Stock Exchange for the Transfer of Listing pursuant to Chapter 9A of the Main Board Listing Rules.

TRANSFER OF LISTING OF THE SHARES FROM GEM TO THE MAIN BOARD

On 13 February 2018, an application was made by the Company to the Stock Exchange for the Transfer of Listing from GEM to the Main Board. The Company has applied the listing of, and permission to deal in, (i) 508,000,000 Shares in issue; and (ii) 48,674,500 new Shares, being the maximum number of new Shares which may fall to be issued pursuant to the exercise of all options which has been or may be granted under the Share Option Scheme, on the Main Board by way of the Transfer of Listing. The approval-in-principle for the Transfer of Listing has been granted by the Stock Exchange on 21 November 2018 for the Shares to be listed on Main Board and de-listed from GEM.

The Board confirms that all pre-conditions for the Transfer of Listing have, insofar as applicable, been fulfilled in relation to the Company and the Shares as at the date of this announcement.

REASONS FOR THE PROPOSED TRANSFER OF LISTING

The issued Shares have been listed and traded on GEM since 15 December 2016. The Group is principally engaged in the provision of application performance management, or APM, products and services in the PRC.

The Board believes that the Transfer of Listing will be beneficial for the Company for its continued growth, financing flexibility and business development, and is in the overall interest of the Company and will create a long-term value to its Shareholders as a whole. In addition, the Board also believes that the Transfer of Listing will:

- enhance the profile of the Company and increase the Company's brand awareness and market reputation among public investors which will, in turn, increase the confidence of its investors and stakeholders;

- increase further the Company's bargaining power in negotiating terms with potential customers and suppliers, while its business partners will have more confidence in the Company's quality of products and financial strength and credibility;

- improve the Company's ability to recruit and retain key management and research personnel; and

- the Main Board trading platform will enhance the trading liquidity of the Shares as well as the fund raising capability of the Group.

As at the date of this announcement, the Board has no immediate plans to change the nature of the business of the Group following the Transfer of Listing. The Transfer of Listing will not involve the issue of any new Shares by the Company.

DEALING IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 15 December 2016, the date on which the Shares were first listed on GEM. Subject to continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (stock code: 8342) will be 28 November 2018. Dealings in the Shares on the Main Board (stock code: 1782) will commence at 9:00 a.m. on 29 November 2018.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in the board lot of 5,000 Shares each and are traded in Hong Kong dollars. The principal share registrar and transfer office of the Company is Estera Trust (Cayman) Limited, and the Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited. No change will be made to the English or Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer of Listing.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the Company on 21 November 2016 for the purpose of attracting, retaining and motivating talented eligible participants to strive for future developments and expansion of the Group. The Share Option Scheme will remain effective following the Transfer of Listing subject to certain immaterial amendments to the Share Option Scheme and will be implemented in full compliance with the requirements of Chapter 17 of the Main Board Listing Rules.

Pursuant to the Share Option Scheme, the Board may, at its discretion, grant options to eligible participants entitling them to subscribe for Shares. The total number of Shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of the issued share capital of the Company as at the effective date, being 48,674,500 Shares, unless further Shareholders' approval is obtained in a general meeting.

The listing of the Shares to be issued pursuant to the exercise of any options under the Share Option Scheme will also be transferred to the Main Board pursuant to Rule 9A.10 of the Main Board Listing Rules. No share option has been granted since the adoption of the Share Option Scheme and there were no share option outstanding as at the date of this announcement.

The Company has not issued any options, warrants or similar rights or convertible equity securities of which will be transferred to the Main Board as at the date of this announcement.

PUBLIC FLOAT

The Directors confirm that at least 25% of the total issued share capital of the Company was held by the public (as defined in the Main Board Listing Rules) as at the date of this announcement. Accordingly, the minimum 25% public float requirement has been maintained in compliance with Rule 8.08 of the Main Board Listing Rules.

COMPETING INTERESTS

As at the date of this announcement, none of the Directors, the Controlling Shareholders or their respective associates has any interest in any business which competes or potentially competes, either directly or indirectly, with the business of the Group pursuant to the Main Board Listing Rules.

As the terms of the deed of non-competition undertaking ("**Original Non-competition Deed**") entered into by the Controlling Shareholders on 21 November 2016 have made several references to the GEM Listing Rules, in connection with the Transfer of Listing, a deed of amendment supplemental to the Original Non-competition Deed ("**Amendment Deed**") will be executed by the Controlling Shareholders prior to the Transfer of Listing so that the Original Non-competition Deed shall, where the context so requires, be read and construed throughout so as to incorporate the amendments and supplements made by the Amendment Deed and as a result, any references to the GEM Listing Rules in the Original Non-competition Deed shall be amended as references to the Main Board Listing Rules. The Amendment Deed will take effect from the date on which the Transfer of Listing has become effective. Save for the aforesaid amendments, all the provisions of the Original Non-competition Deed (as amended and supplemented by the Amendment Deed) shall continue to be in full force and effect and be operative and binding on the Controlling Shareholders. For details of the terms of the Original Non-competition Deed, please refer to the Prospectus.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to the Main Board Listing Rules, the general mandates granted by the Shareholders at the annual general meeting of the Company on 23 March 2018 to the Directors to (i) issue and allot new Shares; (ii) repurchase Shares; and (iii) extend the general mandate granted to the Directors to issue Shares by nominal amount of Shares repurchased by the Shareholders, will continue to be valid and remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by the laws or regulations of Cayman Islands or the Articles of Association to be held; or

(c) the revocation or variation of such authority by an ordinary resolution of the Shareholders in general meeting.

PUBLICATION OF RESULTS

Upon the Transfer of Listing, the Company will cease the practice of reporting financial results on a quarterly basis and will follow the relevant requirements of the Main Board Listing Rules, which include publishing its interim results and annual results within two months and three months from the end of the relevant periods or financial year ends, respectively.

BUSINESS OF THE GROUP

Background of businesses of the Group

The Group is principally engaged in the provision of APM solutions in the PRC. APM is the monitoring and management of performance and availability of software applications and networks. It is a branch of Information Technology ("**IT**") system management that focuses on monitoring frontend performance and making backend system completely visible to maintain application and network performance at an appropriate and expected level. The Group offers products and services primarily through two proprietary platforms, namely the NetVista platform and the Trade QoS system, both of which feature comprehensive management and monitoring of application or network performance at its customers' premises, and help its customers make real-time and data-driven decisions to improve their business and IT performance. The Group's primary focus is on the design, development, implementation and supports of integrated APM system solutions.

The Group mainly generates income derived from the Group's integrated APM system solutions. The APM products and service offerings include primarily (i) integrated APM system solutions, (ii) software development services, (iii) technical services, and (iv) sales of embedded hardware and standard APM software.

- *Integrated APM system solutions.* The Group provides integrated APM system solutions by tailor-making its APM products to integrate the newly designed version with its customers' specific systems and network environment, allowing its customers to better manage and monitor their applications and networks.

- *Software development services.* The Group's software development services typically involve developing customized supporting software for upgrade and expansion of the APM products already integrated with its customers' systems and networks.

- *Technical services.* The Group's technical services include operational support for its APM products, system maintenance, network analysis and optimization, and research study of specific topics on application and network performance.

- *Sales of embedded hardware and standard APM software.* The Group from time to time sells embeded hardware and standard APM software products to customers which do not require tailor-making services.

Integrated APM system solutions were the largest source of revenue during the Track Record Period. Please refer to the paragraph headed "Key Financial Information – Revenue" below for the breakdown of the Group's revenue by service type during the Track Record Period.

Business Outlook and the APM Industry in China

The Directors believe the outlook of Company's business and China's APM industry are positive primarily due to the following aspects.

- *Digital household and IoT applications.* With the development of technology and advancement of China's overall strategy of building smart cities, it is expected that hundreds of millions of household users and numerous enterprises will be implementing digital household and IoT applications in the near future. Industrial IoT and household IoT are expected to gain stunning popularity. The industry is also expecting that the launch of 5G services in 2018 will further boost IoT and make it a hot spot of the IT industry, allowing the Group to fully capitalize its advantage on investment and technology in APM for digital household and IoT which will give a strong boost to the Group's business in the coming years. Based on the needs of its customers and its advantage in data size, the Group has also made strategic plans to develop digital household experience management and optimization products based on artificial intelligence ("**AI**"). The Group believe that with the introduction of AI technology, the Group's market share and technological advantage will be further expanded and enhanced.

- *Big data analytics*. APM products and service providers offer data analytics by studying the vast volume of data that flows into the repositories through a large number of probes. The analytics results help enterprises improve business visibility, provide enterprises with overall insights into end-users' experience and forecast business activities and user experiences, which allow them to make data-driven decisions on business strategies. The demand for APM solutions with big data analytics is expected to increase in the future. The Company will continue to invest in big data and artificial intelligence analysis technologies and believe it is in a good position to capture the growing demand leveraging on its advantages in data collection to provide value-added services based on user behavior.

- *Cloud-based APM solutions*. Cloud-based APM is a technology with various advantages compared to the traditional on-premises resolutions, such as shorter time-to-value, lower costs, simpler application, less maintenance and easier to upgrade. Such solutions are expected to become more popular among enterprises. The Company has developed different strategies to focus on this sector. Please see the section headed "Use of Proceeds and Business Strategies" below for details.

Sales Channels

The Group has two sales channels which can be broadly categorized as direct sales to end customers and sales through channel partners.

Direct Sales to End Customers

The Group primarily conducts direct sales of APM products and services to end customers. For the year ended 31 December 2015, 2016 and 2017 and the nine months ended 30 September 2018, direct sales represented approximately 91.0%, 90.2%, 94.6% and 94.0% of the total revenue for each period, respectively, and the total contract value generated from direct sales represented approximately 90.1%, 91.3%, 95.5% and 95.0% of the total contract value for each period, respectively. Direct sales can be further broken down into those that are conducted through open tendering processes and those which are not.

Open Tendering Process

The Group is involved in open tendering processes, particularly where customers are public bodies or state-owned enterprises. The Group may receive tender or quotation invitations from its customers or otherwise participate in open tendering process. In the event that the Group decides to submit a tender for the project, the submission will usually be prepared by the sales department and technical support service department, and approved by the management team. If the Group is awarded the project in the open tendering process, a formal notification letter notifying the acceptance of tender will be issued by the customer, following which the Group will enter into a sales agreement with the customer.

In 2015, 2016, 2017 and the nine months ended 30 September 2018, sales through open tendering processes represented approximately 21.3%, 25.0%, 23.0% and 24.0% of the total revenue for each year. For the years ended 31 December 2015, 2016, 2017 and the nine months ended 30 September 2018, the total contract value generated from engagements obtained through the open tendering processes for either new projects or upgrades and expansion of the previous projects amounted to approximately RMB16.2 million, RMB22.7 million, RMB38.7 million and RMB26.7 million, representing approximately 22.0%, 25.4%, 31.1% and 26.6% of the total contract value for each period, respectively. The success rate of open tendering increased steadily during the Track Record Period, from approximately 51.1% in 2015 to 60.7% in 2016, 66.7% in 2017 and 69.2% in the nine months ended 30 September, 2018. The following table sets for the details of the successful tenders during the Track Record Period.

	Year ended 31 December			Nine months ended 30 September
	2015	**2016**	**2017**	**2018**
Number of tendering participated	45	61	51	39
Successful tenders	23	37	34	27
Success rate	51.1%	60.7%	66.7%	69.2%

Direct sales without the open tendering processes

The Group usually enters into sales agreements directly without the open tendering process when the Group sells its products and services directly to private-held companies or offer upgrades or expansion services for the previously provided products and services to state-owned enterprises. In 2015, 2016, 2017 and the nine months ended 30 September 2018, direct sales without the open tendering processes represented to approximately 69.7%, 65.2%, 71.6% and 70.0% of the total revenue for each period.

Sales through Channel Partners

During the Track Record Period, the Group also sold products and services through its channel partners. In 2015, 2016, 2017 and the nine months ended 30 September 2018, the number of channel partners remained stable at 6, 7, 6 and 4, respectively, while sales to the channel partners represented approximately 9.0%, 9.8%, 5.4% and 6.0% of the total revenue for each period, respectively. Channel partners are direct buyers of the products and not the agents. The Group enters into sales agreements with them as with other end customers. In general, the channel partners are technology companies that would resell the Company's products directly to their end customers as per such end customers' prior orders. By working with its channel partners, the Group has been able to attract more customers for APM products and services, especially in geographically remote regions where the Company has not established its presence. In 2015, 2016, 2017 and the nine months ended 30 September 2018, the Company had 6, 4, 4 and nil new channel partners during each period, respectively. There was no new channel partner during the nine months ended 30 September 2018 because there was a growing number of customers which reached out to the Company directly as a result of the Company's increasing market share and the gradually recognized reputation.

During the Track Record Period, there were no material disputes between channel partners and the Company, nor did the Company experience any return of products sold by its channel partners. Below is a table which sets out the movements in the number of its channel partners during the Track Record Period, which remained stable during such period.

	Year ended 31 December			Nine months ended 30 September
	2015	**2016**	**2017**	**2018**
Number of channel partners at the beginning of the period	4	6	7	6
New channel partners during the period	6	4	4	0
Number of channel partners which completed all of the projects with the Company during the period	4	3	5	2
Channel partners at the end of the period	6	7	6	**4**

Backlog and New Contract Value

Backlog represents the estimate of the contract value of the projects that the Group is engaged for and remains to be completed as of a certain date from signed and legally-binding contracts, net of estimated VAT. New contract value represents the aggregate value of the contracts that the Group entered into during a specified period. The contract value of a project represents the amount that the Group expects to receive under the terms of the contract assuming the contract is performed in accordance with its terms. Backlog is not an audited measure defined by HKFRSs and the Group's methodology in determining backlog may not be comparable to the methodology used by other companies.

Backlog might not be indicative of the Group's future operating results and difficulties in contract performance could lead to inaccuracies with respect to the ultimate income from uncompleted contracts. The termination or modification of any one or more sizeable contracts or the addition of other contracts could have a substantial and immediate effect on the amount of the Group's backlog and the revenue and profits the Group may earn from such contracts, and could have a material adverse effect on the Group's profitability and financial condition. As a result, the backlog information presented in this announcement should not be relied on as an indicator of the Group's future earnings.

The following table sets forth, net of estimated VAT, the backlog, new contract value and recognized revenue for each of the periods indicated. In a given period, backlog at the beginning of the period plus contract value for new contracts entered into during the period less the recognized revenue for the period equals the backlog at the end of the period.

Year ended 31 December

2015	Backlog at the beginning of the period		Contract value for new contracts entered into during the period[1]		Recognized revenue for the period[1]		Backlog at the end of the period	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Integrated APM system solutions	7,943	52.4	31,050	49.7	26,740	51.9	12,253	46.8
Software development services	3,831	25.3	5,722	9.1	6,994	13.6	2,559	9.8
Technical services	1,974	13.0	14,877	23.8	15,080	29.3	1,771	6.8
Sales of embedded hardware and standard APM software	1,408	9.3	10,881	17.4	2,715	5.2	9,574	36.6
Total	15,156	100	62,530	100	51,529	100	26,157	100

2016	Backlog at the beginning of the period		Contract value for new contracts entered into during the period[1]		Recognized revenue for the period[1]		Backlog at the end of the period	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Integrated APM system solutions	12,253	46.8	46,212	59.1	43,420	58.5	15,045	50.0
Software development services	2,559	9.8	9,567	12.2	8,477	11.4	3,649	12.1
Technical services	1,771	6.8	11,975	15.3	10,046	13.5	3,700	12.3
Sales of embedded hardware and standard APM software	9,574	36.6	10,451	13.4	12,312	16.6	7,713	25.6
Total	26,157	100	78,205	100	74,255	100	30,107	100

2017	Backlog at the beginning of the period		Contract value for new contracts entered into during the period[1]		Recognized revenue for the period[1]		Backlog at the end of the period	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Integrated APM system solutions	15,045	50.0	75,661	68.4	74,749	68.5	15,957	50.6
Software development services	3,649	12.1	7,910	7.2	10,223	9.4	1,336	4.2
Technical services	3,700	12.3	19,735	17.9	12,796	11.7	10,639	33.7
Sales of embedded hardware and standard APM software	7,713	25.6	7,233	6.5	11,335	10.4	3,611	11.5
Total	30,107	100	110,539	100	109,103	100	31,543	100

Nine months ended 30 September

2018 (Unaudited)	Backlog at the beginning of the period		Contract value for new contracts entered into during the period[1]		Recognized revenue for the period[1]		Adjustment pursuant to HKFRS 15[2]		Backlog at the end of the period	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Integrated APM system solutions	15,957	50.6	54,240	62.6	50,009	62.0	1,458	93.4	18,730	52.1
Software development services	1,336	4.2	15,608	18.0	11,013	13.7	103	6.6	5,828	16.2
Technical services	10,639	33.7	12,047	13.9	11,701	14.5	–	–	10,985	30.6
Sales of embedded hardware and standard APM software	3,611	11.5	4,739	5.5	7,937	9.8	–	–	413	1.1
Total	31,543	100	86,634	100	80,660	100	1,561	100	35,956	100

(1) Contract value for new contracts entered into during the period and recognized revenue for the period are net of estimated VAT, including any adjustments for prior periods.

(2) Please refer to "New Standards, Interpretation and Amendments Adopted by the Group" below.

In 2015, the Group entered into 21 contracts amounted to approximately RMB42.6 million with a contract value more than RMB1.0 million, including (1) 13 for integrated APM system solutions, which in aggregate amounted to approximately RMB22.3 million, (2) 2 for software development services, which in aggregate amounted to approximately RMB2.7 million, (3) 5 for technical services, which in aggregate amounted to approximately RMB8.3 million, and (4) 1 for sales of embedded hardware and standard APM software, which amounted to approximately RMB9.3 million.

In 2016, the Group entered into 34 contracts amounted to approximately RMB65.0 million with a contract value more than RMB1.0 million, including (1) 21 for integrated APM system solutions, which in aggregate amounted to approximately RMB39.8 million, (2) 7 for software development services, which in aggregate amounted to approximately RMB11.8 million, (3) 4 for technical services, which in aggregate amounted to approximately RMB5.5 million, and (4) 2 for sales of embedded hardware and standard APM software, which amounted to approximately RMB7.9 million.

In 2017, the Group entered into 37 contracts amounted to approximately RMB93.8 million with a contract value more than RMB1.0 million, including (i) 25 for integrated APM system solutions, which in aggregate amounted to approximately RMB76.2 million, (ii) 3 for software development services, which in aggregate amounted to approximately RMB3.8 million, (iii) 7 for technical services, which in aggregate amounted to approximately RMB8.4 million, and (iv) 2 for sales of embedded hardware and standard APM software, which amounted to approximately RMB5.4 million.

In the nine months ended 30 September 2018, the Group entered into 30 contracts amounted to approximately RMB77.5 million with a contract value more than RMB1.0 million, including (1) 18 for integrated APM system solutions, which in aggregate amounted to approximately RMB57.7 million, (2) 5 for software development services, which in aggregate amounted to approximately RMB9.8 million, (3) 6 for technical services, which in aggregate amounted to approximately RMB8.2 million, and (4) 1 for sales of embedded hardware and standard APM software, which amounted to approximately RMB1.8 million.

As of 31 December 2015, 2016, 2017 and 30 September 2018, the backlog of the integrated APM system solutions contributed to the largest portion of the backlog, amounting to approximately RMB12.3 million, RMB15.0 million, RMB16.0 million and RMB18.7 million, respectively, and representing 46.8%, 50.0%, 50.6% and 52.1% of the total backlog, respectively.

Major customers

The customers of the Group include state-owned and privately-run telecommunications operators, cable television providers, network equipment manufacturers, electric utilities companies and a commodity exchange, with whom the Group has maintained long-term and stable business relationships. Among its largest customers are certain independently-operated provincial subsidiaries of the China's Largest Telecom Group, which is the largest telecommunications operator in China in terms of total revenue and number of users. The Group's business with each of such provincial subsidiaries is conducted on standalone basis under sales agreements entered into solely between such provincial subsidiary and us, considering that each provincial subsidiary is a separate legal entity with independent decision-making authority. As each of such provincial subsidiaries is operated independently and the Group enters into sales agreement separately with each of them on different commercial terms, the Group does not consider the China's Largest Telecom Group as one single customer. The PRC telecommunications industry is dominated by a small number of large state-owned telecommunications operators and the Group's relationship with the China's Largest Telecom Group is not uncommon in the APM industry. In 2015, 2016, 2017 and the nine months ended 30 September 2018, revenue generated from the China's Largest Telecom Group, in aggregate, accounted for approximately 72.6%, 79.3%, 86.3% and 82.5% of the Group's total revenue, respectively, reflecting the fact that the China's Largest Telecom Group has been awarding projects to the Group and as such the Group believes the relationship with the provincial subsidiaries of the China's Largest Telecom Group is sustainable. As with other customers, the engagements with the China's Largest Telecom Group are generally on a project basis and are non-recurring in nature. In 2015, 2016, 2017 and the nine months ended 30 September 2018, the average contract value of the projects with the China's Largest Telecom Group was approximately RMB1.3 million, RMB1.0 million, RMB1.3 million and RMB1.4 million, respectively. In 2015, 2016, 2017 and the nine months ended 30 September 2018, the Group engaged with a total 49, 51, 60 and 66 provincial subsidiaries of the China's Largest Telecom Group, respectively, out of which 8, 2, 9 and 6 of them were new customers which are part of the China's largest Telecom Group during the respective periods. For further information relating to the relationship with China's Largest Telecom Group, please see the paragraph "Diversification of Customer Base" below.

Below is a breakdown of the Group's revenue attributable to the China's Largest Telecom Group by project type during the Track Record Period.

	Year ended 31 December						Nine months ended 30 September	
	2015		2016		2017		2018 (Unaudited)	
	RMB'000	*% of revenue from the China's Largest Telecom Group*	*RMB'000*	*% of revenue from the China's Largest Telecom Group*	*RMB'000*	*% of revenue from the China's Largest Telecom Group*	*RMB'000*	*% of revenue from the China's Largest Telecom Group*
Integrated APM system solutions	17,186	46.0	32,528	55.3	59,729	63.4	39,091	58.7
Software development	3,888	10.4	5,835	9.9	12,522	13.3	9,820	14.7
Technical services	14,938	39.9	9,730	16.5	12,297	13.1	11,166	16.8
Sales of embedded hardware and standard APM software	1,377	3.7	10,797	18.3	9,653	10.2	6,505	9.8
Total	**37,389**	**100**	**58,890**	**100**	**94,201**	**100**	**66,582**	**100**

The Group's revenue derived from the China's Largest Telecom Group increased significantly during the Track Record Period as the number of contracts entered into with the China's Largest Telecom Group rose from 44 in 2015 to 85 in 2017 while the average contract value remained over RMB1.0 million during the Track Record Period. For the nine months ended 30 September 2018, the number of contracts entered into with the China's Largest Telecom Group was 57. The strong demand of the Group's service was attributable to the fact that the broadband network user base of the China's Largest Telecom Group had been growing significantly during the Track Record Period and the China's Largest Telecom Group had become the second largest broadband network operator in China. The growing user base had prompted for more frequent APM service needs, resulting in a rising number of contracts entered into with the China's Largest Telecom Group during the Track Record Period.

The Group serves primarily a number of top customers with whom it has developed long-term and stable business relationships. The Group also accepts walk-in customers who purchase or subscribe for its standard products and services. To optimize the quality of its products, the Group constantly collects feedback from customers. During the Track Record Period, the Group did not have any material disputes with its customers and has maintained good relationship with them. The Group has an extensive sales network in China to actively broaden its customer base. The total number of its customers was 101, 144, 179 and 192 as of 31 December, 2015, 2016, 2017 and 30 September 2018, respectively.

For the year ended 31 December 2015, 2016, 2017 and the nine months ended 30 September 2018, the Group's top five customers, consisting of certain provincial subsidiaries of the China's Largest Telecom Group and a commodity exchange, in aggregate accounted for approximately 39.7%, 41.7%, 45.8% and 38.7% of the Group's total revenue, respectively, counting each provincial subsidiary of the China's Largest Telecom Group on a standalone basis, while the Group's largest customer accounted for approximately 17.0%, 13.6%, 19.9% and 11.0% of the Group's total revenue, respectively. Below is a table setting out the Group's five largest customers for the Track Record Period, counting each provincial subsidiary of the China's Largest Telecom Group on standalone basis.

For the year ended 31 December, 2015

	Revenue	Percentage of revenue attributable to the total revenue	Length of business relationship with the Group as of the Latest Practicable Date	Background	Credit terms	Number of contracts completed in 2015	Number of contracts in progress in 2015
	RMB'000		*(year)*		*(days)*		
Customer A	8,741	17.0	10	Guangdong provincial subsidiary of the China's Largest Telecom Group	30	12	2
Customer B	3,181	6.2	7	Shanghai municipal city subsidiary of the China's Largest Telecom Group	30	3	0
Customer C	3,139	6.1	5	Anhui provincial subsidiary of the China's Largest Telecom Group	30	5	0
Customer D	3,124	6.1	5	Henan provincial subsidiary of the China's Largest Telecom Group	30	2	0
Customer E	2,177	4.2	8	Commodity exchange	10	1	0
Total	**20,362**	**39.7**				23	2

For the year ended 31 December, 2016

	Revenue	Percentage of revenue attributable to the total revenue	Length of business relationship with the Group as of the Latest Practicable Date	Background	Credit terms	Number of contracts completed in 2016	Number of contracts in progress in 2016
	RMB'000		*(year)*		*(days)*		
Customer F	10,097	13.6	4	Hebei provincial subsidiary of the China's Largest Telecom Group	30	3	2
Customer A	9,721	13.1	10	Guangdong provincial subsidiary of the China's Largest Telecom Group	30	11	9
Customer G	4,148	5.6	6	Guizhou provincial subsidiary of the China's Largest Telecom Group	30	2	1
Customer H	3,548	4.8	3	Sichuan provincial subsidiary Sichuan the China's Largest Telecom Group	30	1	0
Customer I	3,435	4.6	5	Liaoning provincial subsidiary of the China's Largest Telecom Group	30	5	1
Total	**30,949**	**41.7**				22	13

For the year ended 31 December 2017

	Revenue	Percentage of revenue attributable to the total revenue	Length of business relationship with the Group as of the Latest Practicable Date	Background	Credit terms	Number of contracts completed in 2017	Number of contracts in progress in 2017
	RMB'000		*(year)*		*(days)*		
Customer A	21,738	19.9	10	Guangdong provincial subsidiary of the China's Largest Telecom Group	30	17	8
Customer F	8,004	7.3	4	Hebei provincial subsidiary of the China's Largest Telecom Group	30	2	1
Customer J	7,070	6.5	4	Shanxi provincial subsidiary of the China's Largest Telecom Group	30	3	1
Customer K	6,703	6.1	5	Inner Mongolian subsidiary of the China's Largest Telecom Group	30	4	0
Customer L	6,495	6.0	3	Yunnan provincial subsidiary of the China's Largest Telecom Group	30	5	1
Total	**50,009**	**45.8**				31	11

For the nine months ended 30 September 2018

	Revenue	Percentage of revenue attributable to the total revenue	Length of business relationship with the Group as of the Latest Practicable Date	Background	Credit terms	Number of contracts completed in the nine months ended 30 September 2018	Number of contracts in progress in the nine months ended 30 September 2018
	RMB'000		*(year)*		*(days)*		
Customer A	8,859	11.0	10	Guangdong provincial subsidiary of the China's Largest Telecom Group	30	8	6
Customer M	6,211	7.7	8	Beijing subsidiary of the China's Largest Telecom Group	30	3	4
Customer N	6,191	7.7	4	Guangxi provincial subsidiary of the China's Largest Telecom Group	30	2	2
Customer O	5,172	6.4	5	Jiangsu provincial subsidiary of the China's Largest Telecom Group	30	1	2
Customer L	4,790	5.9	3	Yunnan provincial subsidiary of the China's Largest Telecom Group	30	2	0
Total	**31,223**	**38.7**				16	14

None of the Directors, their close associates or any Shareholder (who or which, to the knowledge of the Directors, owned more than 5% of the issued share capital of the Company) had any interest in any of the Group's top five largest customers during the Track Record Period.

The following is a summary of the Group's top five completed projects the Group conducted with its five largest customers in 2015 in terms of total contract value in 2015.

Customer	**Location**	**Type of Project**	**Total Contract Value** *(RMB'000)*	**Contract Date**	**Project Completion Date**
Customer D	Henan	Integrated APM system solutions	2,697	July 2013	August 2015
Customer B	Shanghai	Technical services	2,639	January 2015	December 2015
Customer A	Guangdong	Integrated APM system solutions	2,416	September 2014	July 2015
Customer C	Anhui	Integrated APM system solutions	1,998	December 2013	June 2015
Customer A	Guangdong	Technical services	1,829	January 2015	December 2015

The following is a summary of the Group's top five completed projects the Group conducted with its five largest customers in 2016 in terms of total contract value in 2016.

Customer	**Location**	**Type of Project**	**Total Contract Value** *(RMB'000)*	**Contract Date**	**Project Completion Date**
Customer A	Guangdong	Integrated APM system solutions	2,706	October 2015	August 2016
Customer F	Hebei	Sales of embedded hardware and standard APM software	2,530	December 2016	December 2016
Customer F	Hebei	Integrated APM system solutions	2,297	August 2014	November 2016
Customer I	Liaoning	Integrated APM system solutions	1,885	April 2015	April 2016
Customer A	Guangdong	Technical services	1,633	March 2016	December 2016

The following is a summary of the Group's top five completed projects the Group conducted with its five largest customers in 2017 in terms of total contract value in 2017.

Customer	**Location**	**Type of Project**	**Total Contract Value** *(RMB'000)*	**Contract Date**	**Project Completion Date**
Customer F	Hebei	Sales of embedded hardware and standard APM software	11,000	December 2015	May 2017
Customer A	Guangdong	Software development	2,054	July 2016	January 2017
Customer A	Guangdong	Integrated APM system solutions	1,729	May 2016	March 2017
Customer A	Guangdong	Technical services	1,400	March 2017	December 2017
Customer L	Yunnan	Integrated APM system solutions	1,400	July 2016	October 2017

The following is a summary of the Group's top five completed projects the Group conducted with its five largest customers in the nine months ended 30 September 2018 in terms of the total contract value in the same period.

Customer	**Location**	**Type of Project**	**Total Contract Value** *(RMB'000)*	**Contract Date**	**Project Completion Date**
Customer A	Guangdong	Sales of embedded hardware and standard APM software	5,335	December 2016	May 2018
Customer A	Guangdong	Integrated APM system solutions	2,646	August 2017	May 2018
Customer A	Guangdong	Software development	1,397	December 2016	June 2018
Customer A	Guangdong	Sales of embedded hardware and standard APM software	1,358	March 2017	June 2018
Customer O	Jiangsu	Integrated APM system solutions	889	April 2016	March 2018

Diversification of Customer Base

The Directors believe that the Group's concentration of sales to the China's Latest Telecom Group is not uncommon in the on-premise APM industry in China and it is customary for companies in the APM industry to work with telecommunication operators. The Directors also believe that the relationship with the China's Largest Telecom Group is sustainable for the following reasons:

- *The Group does not consider the China's Largest Telecom Group as one single customer.* The Group conducts business with each of the provincial subsidiaries on a standalone basis under sales agreements entered into solely between such provincial subsidiary and the Group. Each provincial subsidiary is a separate legal entity with independent decision-making authority, operational, financial and management functions. The Group also designates different service specialists to cater to the different demands of the provincial subsidiaries.

- *The Group has a complementary relationship with the China's Largest Telecom Group.* The Directors believes that the Group represents one of the few APM products and service providers with a good market reputation which are able to meet the performance requirements set by the China's Largest Telecom Group. On the other hand, the China's Largest Telecom Group has also established a reputable market presence in the telecommunications industry in China, which presents a reliable and reputable customer for the Group to work with.

- *The Group has an extensive sales network with a broad customer base.* The Group has been dedicated to diversify and broaden its customer base. Leveraging the Group's extensive experience with the China's Largest Telecom Group, the Group has expanded business to China's second and third largest telecom groups. The number of customers which are not part of the China's Largest Telecom Group increased every year, from 52 in 2015 to 93 in 2016, 119 in 2017 and 126 in the nine months ended 30 September 2018 and include customers from a wide range of industries, including cable television, network equipment manufacturing, electric utilities and finance. The Group's SaaS platform is also expected to further expand the Group's customer base to include small-to-medium enterprises, which have a rising demand for APM products and services. The Group's revenue generated from customers which are not part of the China's Largest Telecom Group was approximately RMB14.1 million, RMB15.3 million, RMB15.0 million and RMB14.1 million for the year ended 31 December 2015, 2016, 2017 and the nine months ended 30 September 2018, accounting for approximately 27.4%, 20.7%, 13.7% and 17.5% of the Group's total revenue during the same period. The Group's contract value generated from customers which are not part of the China's Largest Telecom Group was approximately RMB17.9 million, RMB16.9 million and RMB16.7 million and RMB19.9 million for the year ended 31 December 2015, 2016, 2017 and the nine months ended 30 September 2018, accounting for approximately 24.5%, 18.9%, 13.4% and 19.9% of the total contract value during the same period.

- *The APM industry in China continues to grow.* It is expected that the APM market in China will continue to grow benefiting from the Internet Plus (互聯網+) strategy promulgated by the Chinese government. The strategy will promote the adoption of the latest information technology among various industry sectors in China and create a higher demand for the products and services.

Major suppliers

The Group procures hardware and installation engineering services from various suppliers to minimize the risk of disruption of the operations. During the Track Record Period, the Group's suppliers mainly included hardware manufacturers and installation engineering service providers. Purchases from hardware manufacturers consist primarily of hardware components that are specified in the relevant sales agreements, including network equipment, firewalls, agents and servers. In addition, the Group from time to time outsources installation engineering services from installation engineering service providers to assist in on-site installation and integration work.

For each of the three years ended 31 December 2015, 2016, 2017 and the nine months ended 30 September 2018, purchase from the Group's top five suppliers in aggregate accounted for approximately 74.0%, 69.3%, 63.3% and 69.4% of the total purchases, respectively, while purchases from the largest supplier during the same period account to approximately 34.0%, 44.8%, 33.5% and 36.4%.

None of the Directors, their close associates or any Shareholder (who or which, to the knowledge of the Directors, owned more than 5% of the issued share capital of the Company) had any interest in any of the Group's top five largest suppliers during the Track Record Period.

KEY FINANCIAL INFORMATION

A summary of the results, and the assets, liabilities and non-controlling interest of the Group for the last three financial years, as extracted from the published audited consolidated financial statements, unaudited interim financial statements or the published Prospectus of the Company is set out below.

	Year Ended 31 December			Nine months ended 30 September	Nine months ended 30 September
	2015	**2016**	**2017**	**2017**	**2018**
				(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
REVENUE	51,529	74,255	109,103	80,265	80,660
Cost of sales	(20,328)	(30,287)	(43,023)	(33,287)	(33,685)
Gross profit	31,201	43,968	66,080	46,978	46,975
Other income and gains	4,485	5,263	6,201	3,653	8,492
Selling and distribution expenses	(5,486)	(5,401)	(7,864)	(6,563)	(6,339)
Research and development expenses	(3,953)	(9,179)	(14,808)	(14,156)	(16,020)
Administrative expenses	(4,507)	(21,530)	(15,736)	(11,008)	(13,931)
– Listing expenses	–	(14,695)	–	–	(2,217)
– Other administrative expenses	(4,507)	(6,835)	(15,736)	(11,008)	(11,714)
Other expenses	(12)	(30)	(2,914)	(2,373)	(33)
Finance costs	(170)	–	–	–	–
PROFIT BEFORE TAX	21,558	13,091	30,959	16,531	19,144
Income tax expense	(3,227)	(2,870)	(8,784)	(2,968)	(2,803)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	18,331	10,221	22,175	13,563	16,341
Attributable to:					
Owners of the parent	18,331	10,221	22,175	13,563	16,341
ASSETS AND LIABILITIES					
Total assets	62,714	149,923	171,740	158,004	197,304
Total liabilities	25,352	36,870	39,065	33,942	35,818
Total equity	37,362	113,053	132,675	124,062	161,486

New Standards, Interpretation and Amendments Adopted by the Group

The Group applies HKFRS 15 "Revenue from Contracts with Customers" and HKFRS 9 "Financial instruments", which became effective on 1 January 2018, for the preparation of the interim condensed consolidated financial statements for the nine months ended 30 September 2018.

HKFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group adopted HKFRS 15 using the modified retrospective method of adoption. The Group elected to apply the practical expedient for completed contracts and did not restate the contracts completed before 1 January 2018, thus the relevant figures before its effective date have not been restated.

HKFRS 9 provides that debt financial instruments are subsequently measured at fair value through profit or loss, namely FVPL, amortised cost, or fair value through other comprehensive income, namely "FVOCI". The accounting treatment for the Group's financial liabilities remains largely the same as it was under HKAS 39 which was replaced by HKFRS 9.

HKFRS 9 brings together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e., applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognized as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognized as at 1 January 2018.

The Directors believe the application of HKFRS 9 and HKFRS 15 would not have significant impact on the financial position and performance of the Company compared to the requirements of HKAS 18 and HKAS 39.

For details of the accounting policies, please refer to the Group's interim report 2018 dated 13 August 2018.

Revenue

The Group's revenue had experienced significant growth during the Track Record Period, which increased substantially from RMB51.5 million for the year ended 31 December 2015 to RMB74.3 million for the year ended 31 December 2016, RMB109.1 million for the year ended 31 December 2017 and recorded RMB80.7 million for the nine months ended 30 September 2018. As the Group expands its business, the number of the Group's customers increased from 101 for the year ended 31 December 2015 to 179 for the year ended 31 December 2017 and further increased to 192 for the nine months ended 30 September 2018, while the number of contracts with a contract sum of RMB1.0 million or more increased from 21 to 37 during the same period. For the nine months ended 30 September 2018, the number of contracts with a contract sum of RMB1.0 million or more was 30. The growing customer base of the Group and the increase in contract sum of the Group had contributed to the substantial increase in its revenue during the Track Record Period.

The Group's total revenue for the nine months ended 30 September 2018 amounted to approximately RMB80.7 million, representing a growth of approximately RMB0.4 million or 0.5% as compared with that of approximately RMB80.3 million recorded for the nine months ended 30 September 2017. The slight increase was mainly attributable to the combined effect of: (i) the increase in revenue generated from provision of integrated APM system solutions of approximately RMB5.2 million; and (ii) the increase in revenue generated from provision of technical services of approximately RMB3.5 million, partially offset by (iii) the decrease in revenue generated from software development of approximately RMB5.6 million and (iv) the decrease in revenue generated from sales of embedded hardware and standard APM software of approximately RMB2.7 million. Please refer to the sections headed "Integrated APM system solutions", "Software development services", "Technical services", and "Sales of embedded hardware and standard APM software" for details of the fluctuation.

The Group's revenue for the year ended 31 December 2017 amounted to approximately RMB109.1 million, representing a significant growth of approximately RMB34.8 million or 46.9% as compared with that of approximately RMB74.3 million for the year ended 31 December 2016. The increase was mainly attributable to the business expansion following the Listing and the combined effect of: (i) the increase in revenue generated from provision of integrated APM system solutions of approximately RMB31.3 million; (ii) the increase in revenue generated from provision of software development services of approximately RMB1.7 million; (iii) the increase in revenue generated from provision of technical services of approximately RMB2.8 million; and partially offset by (iv) the decrease in revenue generated from sales of embedded hardware and standard APM software of approximately RMB1.0 million. Please refer to the sections headed "Integrated APM system solutions", "Software development services", "Technical services", and "Sales of embedded hardware and standard APM software" for details of the fluctuation.

The Group's revenue for the year ended 31 December 2016 amounted to approximately RMB74.3 million, representing a significant growth of approximately RMB22.7 million or 44.1% as compared with that of approximately RMB51.5 million recorded for the year ended 31 December 2015. The increase was mainly attributable to the combined effect of: (i) the increase in revenue generated from integrated APM system solutions of approximately RMB16.7 million; (ii) the increase in revenue generated from provision of software development services of approximately RMB1.5 million; and (iii) the increase in revenue generated from sales of embedded hardware and standard APM software of approximately RMB9.6 million and partially offset by (iv) the decrease in revenue generated from technical services of approximately RMB5.1 million. Please refer to the sections headed "Integrated APM system solutions", "Software development services", "Technical services", and "Sales of embedded hardware and standard APM software" for details of the fluctuation.

The following table and analysis set out the breakdown of the Group's revenue by the year ended December 31, 2015, 2016, 2017 and the nine months ended 30 September 2018, respectively:

	Year Ended 31 December						**Nine months ended 30 September**			
	2015		**2016**		**2017**		**2017**		**2018**	
							(Unaudited)		(Unaudited)	
	RMB'000	*% of total income*	*RMB'000*	*% of total income*	*RMB'000*	*% of total income*	*RMB'000*	*% of total income*	*RMB'000*	*% of total income*
Integrated APM system solutions	26,740	51.9	43,420	58.5	74,749	68.5	44,823	55.8	50,009	62.0
Software development services	6,994	13.6	8,477	11.4	10,223	9.4	16,638	20.7	11,013	13.7
Technical services	15,080	29.3	10,046	13.5	12,796	11.7	8,241	10.3	11,701	14.5
Sales of embedded hardware and standard APM software	2,715	5.2	12,312	16.6	11,335	10.4	10,563	13.2	7,937	9.8
Total	51,529	100	74,255	100	109,103	100	80,265	100	80,660	100

Integrated APM system solutions

This segment provides integrated APM system solutions by tailor-making APM products to allow customers to better manage and monitor their applications and networks. The Group has recorded a growth in the revenue generated from the provision of integrated APM system solutions of approximately 11.6% from approximately RMB44.8 million for the nine months ended 30 September 2017 to approximately RMB50.0 million for the nine months ended 30 September 2018. This was primarily due to the expansion of the customers' projects to cover performance analysis of the increasing number of new Internet applications. In particular, the number of users of new Internet applications for live video streaming over mobile phone and Internet TV of our major customers grew significantly as a result of the World Cup starting in June 2018 which has contributed to the growth in demand of the Group's integrated APM system solutions in the nine months ended 30 September 2018.

The Group has also recorded a growth in revenue generated from integrated APM system solutions of approximately 72.1% from approximately RMB43.4 million for the year ended 31 December 2016 to approximately RMB74.7 million for the year ended 31 December 2017. The increase was primarily due to the strong demand of the services arising from (i) the emergence of a variety of new mobile applications in the market such as video apps, instant message apps, games apps and online banking apps, (ii) the transfer of traditional applications such as websites, email systems, enterprise resources planning and customer relationship management systems to newly-built cloud platforms; and (iii) digital experience management resulting from the rapid growth of household IoT users with Smart Home applications and Internet TV/video applications. All of such new network applications, newly-built cloud platforms and household IoT applications would require high-performing and stable networks from the customers to achieve their commercial purposes, which in turn led to the continuously growing demand in the integrated APM system solutions for performance testing and management.

The Group has recorded a significant growth in revenue generated from integrated APM system solutions of approximately 62.4% from approximately RMB26.7 million for the year ended 31 December 2015 to approximately RMB43.4 million for the year ended 31 December 2016, primarily due to an expansion of customer base to cover more customers in telecommunications industry as well as the radio and television industry. There were 21 contracts of integrated APM system solutions with a contract value of RMB1.0 million or more for the year ended 31 December 2016, which is an increase from only 13 contracts of the same nature for the year ended 31 December 2015. The successful rate of open tender also increased from 51.1% for the year ended 31 December 2015 to 60.7% for the year ended 31 December 2016. All of such increases were attributed by the Group's continuing marketing efforts, word-of-mouth and referrals among the customers.

Software development services

The Group's software development services typically involve developing customized supporting software for upgrade and expansion of the APM products which already integrated with the customers' systems and networks. The revenue derived from the provision of software development services has decreased by approximately 33.7% from approximately RMB16.6 million for the nine months ended 30 September 2017 to approximately RMB11.0 million for the nine months ended 30 September 2018. This was primarily due to the fact that a rising number of existing customers upgraded and expanded their existing APM systems by engaging the Group for integrated APM system solutions to cover their increased number of users of new network-based applications such as Internet Video, IoT Smart Home and Cloud applications rather than just engaging the Group for software development services for their existing systems.

The revenue derived from provision of software development services has increased by approximately 20.0% from approximately RMB8.5 million for the year ended 31 December 2016 to approximately RMB10.2 million for the year ended 31 December 2017. Such increase was primarily due to the increased customer base of the APM systems in the previous years which has created an increasing demand for customized software development services to upgrade and expand the customers' existing APM systems to cover the emergence of a variety of new mobile applications such as mobile phone apps, household IoT applications and Internet TV/video applications as well as the growing user base.

The revenue derived from software development services has increased by approximately 21.2% from approximately RMB7.0 million for the year ended 31 December 2015 to approximately RMB8.5 million for the year ended 31 December 2016. Such increase was primarily due to the increased customer base in the previous years which has created an increasing demand for software development services to upgrade and expand their existing APM systems to cover increased new network-based applications such as video apps, instant message apps, game apps and online banking apps, as well as the growing user base.

Technical services

This segment provides operational support, system maintenance, network analysis and optimization of full-chain of internet application, and research study of specific topics on application and network performance. The revenue derived from technical services has increased by approximately 42.7% from approximately RMB8.2 million for the nine months ended 30 September 2017 to approximately RMB11.7 million for the nine months ended 30 September 2018. Such increase was primarily attributable to the increase in demand from customers for the Group's in-depth Internet APM analysis and consulting services to enhance the application performance of their mobile Internet and broadband networks. In addition, since the number of users of the major customers' Internet TV/Video applications over mobile phone and broadband network increased significantly in the nine months ended 30 September 2018, the demand for the Group's data analysis technical services for enhancing end user experience also increased rapidly during the same period.

The revenue derived from the provision of technical services has increased by approximately 28.0% from approximately RMB10.0 million for the year ended 31 December 2016 to approximately RMB12.8 million for the year ended 31 December 2017. Such increase was primarily attributable to the rapid increase in broadband network users of the customers which led to the increase in demand from customers for the Group's in-depth Internet APM analysis and consulting services to enhance the applications performance over their mobile Internet and broadband networks.

The revenue derived from technical services decreased by approximately 33.4% from approximately RMB15.1 million for the year ended 31 December 2015 to approximately RMB10.0 million for the year ended 31 December 2016. Such decrease was primarily attributable to the allocation of more resources and manpower to the promotion of new products and technologies of integrated APM system solutions rather than the Group's technical services to its customers.

Sales of embedded hardware and standard APM software

The Group from time to time sells embedded hardware and standard APM software to customers who do not require tailor-making services. The revenue generated from the sales of embedded hardware and standard APM software has decreased by approximately 24.5% from approximately RMB10.6 million for the nine months ended 30 September 2017 to approximately RMB8.0 million for the nine months ended 30 September 2018. Such decrease was primarily due to the fact that a rising number of existing customers acquired new customized software modules and expanded the number of hardware equipment when they engaged the Group for integrated APM system solutions. Accordingly, the Group's sales of embedded hardware and standard APM software which are without any customization decreased.

The revenue generated from the sales of embedded hardware and standard APM software has decreased by approximately 8.1% from approximately RMB12.3 million for the year ended 31 December 2016 to approximately RMB11.3 million for the year ended 31 December 2017. Such decrease was primarily due to the fact that more and more existing customers are acquiring new customized software modules and expanding hardware equipment together when they engaged the Group for integrated APM system solutions. Accordingly, the Group's sales of embedded hardware and standard APM software which are without any customization decreased.

The revenue generated from the sales of embedded hardware and standard APM software increased sharply by approximately 353.5% from approximately RMB2.7 million for the year ended 31 December 2015 to approximately RMB12.3 million for the year ended 31 December 2016. Such increase was primarily due to the fact that one of the customers, namely the Hebei provincial subsidiary of the China's Largest Telecom Group, has deployed more than 700 hardware agents for a consideration of RMB11.0 million to fully cover its province with users in different cities for the Internet application performance monitoring and management to enhance its user experience and loyalty.

Cost of sales

The Group's cost of sales increased by approximately 1.2% from approximately RMB33.3 million for the nine months ended 30 September 2017 to approximately RMB33.7 million for the nine months ended 30 September 2018. The increase was primarily due to higher labor costs resulting from an increased compensation base and headcount required for the rising number of projects for the nine months ended 30 September 2018.

The Group's cost of sales has increased by approximately 41.9% from approximately RMB30.3 million for the year ended 31 December 2016 to approximately RMB43.0 million for the year ended 31 December 2017, which was in line with the increase in the revenue. The increase was primarily due to (1) higher labour costs resulting from an increased headcount and compensation base; and (2) higher hardware costs derived from the increased business volume of integrated APM system solutions.

The Group's cost of sales increased by approximately 49.0% from approximately RMB20.3 million for the year ended 31 December 2015 to approximately RMB30.3 million for the year ended 31 December 2016, which was in line with the increase in the revenue. The increase was primarily due to (1) higher labour costs resulting from an increased headcount and compensation base; and (2) higher hardware costs derived from the increased business volume in integrated APM system solutions.

Gross profit and gross profit margin

The Group's gross profit was approximately RMB47.0 million for the nine months ended 30 September 2017 and 2018. The gross profit for the two periods is basically unchanged. The Group's gross profit margin decreased slightly from approximately 58.5% for the nine months ended 30 September 2017 to approximately 58.2% for the nine months ended 30 September 2018. The decrease in gross profit margin was due to the fact that the integrated APM system solution contracts increased, and these contracts have more hardware costs.

The Group's gross profit has increased by approximately 50.2% from approximately RMB44.0 million for the year ended 31 December 2016 to approximately RMB66.1 million for the year ended 31 December 2017. The increase was primarily due to the increased business volume in the sales of integrated APM system solutions and software development services. The Group's gross profit margin has increased from approximately 59.2% for the year ended 31 December 2016 to approximately 60.6% for the year ended 31 December 2017. Such increase was primarily due to the increase in the provision of technical services and the sales of embedded hardware and standard APM software which in general have a higher gross profit margin than the other types of services due to their relatively low labour costs and hardware costs.

The Group's gross profit increased by approximately 40.9% from approximately RMB31.2 million for the year ended 31 December 2015 to approximately RMB44.0 million for the year ended 31 December 2016. The increase was primarily due to the increase in business volume of integrated APM system solutions. The Group's gross profit margin decreased slightly from approximately 60.6% for the year ended 31 December 2015 to approximately 59.2% for the year ended 31 December 2016. Such decrease was primarily due to the increase in business volume of the sales of embedded hardware and standard APM software which in general have a lower gross profit margin than the other types of services due to its relatively high cost of sales. The following table sets out the breakdown of the Group's gross profit and gross profit margin for the year ended 31 December, 2015, 2016 and 2017.

	Year ended 31 December						Nine months ended 30 September		Nine months ended 30 September	
	2015		2016		2017		2017 (Unaudited)		2018 (Unaudited)	
	Gross Profit	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Integrated APM system solutions	15,558	58.2	25,724	59.2	44,064	58.9	24,789	55.3	28,652	57.3
Software development	4,739	67.8	5,558	65.6	6,697	65.5	10,526	63.3	6,552	59.5
Technical services	8,945	59.3	5,702	56.8	7,944	62.1	4,823	58.5	6,979	59.6
Sales of embedded hardware and standard APM software	1,959	72.2	6,984	56.7	7,375	65.1	6,840	64.8	4,792	60.4
Total	**31,201**	**60.6**	**43,968**	**59.2**	**66,080**	**60.6**	**46,978**	**58.5**	**46,975**	**58.2**

Other income and gains

The Group recorded other income and gains of approximately RMB4.5 million, RMB5.3 million, RMB6.2 million and RMB8.5 million for each of the years ended 31 December 2015, 2016, 2017 and the nine months ended 30 September 2018, respectively. Such increase was primarily due to (1) the increase in the value-added tax refund in line with our business growth; and (2) the net increase in exchange gains for the relevant period.

The VAT refund represents the refund of the VAT pursuant to the relevant PRC tax regulations in relation to the sale of the Group's self-developed software products in the PRC. Pursuant to the relevant tax rules and regulations in the PRC, entities engage in the sale of self-developed software in the PRC and pay VAT at a rate of 17% are entitled to a VAT refund to the extent of the VAT payable in excess of 3% of the self-developed software sold.

The VAT refund is of a recurring nature as such refunds are income generating in the Group's ordinary and usual course of business from the Group's sale of software products offered in its integrated APM system solutions or sold on a stand-alone basis. Further, such refunds are not arbitrary but are stipulated in relevant tax rules and regulations in the PRC and fixed to the extent of the VAT payable in excess of 3% of the self-developed software products sold. Refunds of VAT are common in the software industry and not depending, to a large extent, on the discretion of the tax authority. There are no specific conditions for the Group to fulfil for obtaining such refund as only administrative filing procedures are required before claiming for such VAT refunds by the entities. The Company recorded refunds of VAT in each of the years during the Track Record Period, and accordingly, the Company is of the view that the VAT refund is generated from the Company's ordinary and usual course of business.

Selling and distribution expenses

The Group's selling and distribution expenses were approximately RMB6.6 million and approximately RMB6.3 million, respectively, for the nine months ended 30 September 2017 and 2018. The selling and distribution expenses for the two periods were stable.

The Group's selling and distribution expenses has increased by approximately 46.3% from approximately RMB5.4 million for the year ended 31 December 2016 to approximately RMB7.9 million for the year ended 31 December 2017. Such increase was primarily due to the enhanced efforts in marketing APM services and products to build up broader customer awareness.

The Group's selling and distribution expenses decreased by approximately 1.5% from approximately RMB5.5 million for the year ended 31 December 2015 to approximately RMB5.4 million for the year ended 31 December 2016. Such decrease was primarily due to the fact that more revenue were derived from the upgrade and expansion of existing systems rather than from new customers and the selling and distribution expenses for the expansion contracts of existing customers were much less than those for the contracts from new customers. In addition, the Company also imposed stricter control on sales expenses. Thus, the total selling and distribution expenses decreased for the year ended 31 December 2016.

Research and development expenses

The Group's research and development ("R&D") expenses have increased by approximately 12.7% from approximately RMB14.2 million for the nine months ended 30 September 2017 to approximately RMB16.0 million for the nine months ended 30 September 2018, which were primarily utilized for the R&D of digital home application performance monitoring system and big data platform. In addition, the Group's labor costs for R&D personnel grew noticeably due to increased headcount and compensation base.

The Group's R&D expenses has increased by approximately 60.9% from approximately RMB9.2 million for the year ended 31 December 2016 to approximately RMB14.8 million for the year ended 31 December 2017. Such increase was primarily due to the higher labour costs resulting from an increased R&D headcount and compensation base and the purchase of equipment to conduct development and tests for the new R&D projects.

The Group's R&D expenses increased by approximately 132.2% from approximately RMB4.0 million for the year ended 31 December 2015 to approximately RMB9.2 million for the year ended 31 December 2016. Such increase was primarily due to the increase in the purchase of equipment to conduct tests for new R&D project in relation to the development of SaaS platform.

Administrative expenses

The Group's administrative expenses increased by approximately 26.4% from approximately RMB11.0 million for the nine months ended 30 September 2017 to approximately RMB13.9 million for the nine months ended 30 September 2018. The increase was primarily due to the increase in the professional consulting fees for the nine months ended 30 September 2018 for the Group's application for the transfer of listing on the Main Board from GEM of the Stock Exchange.

The Group's administrative expenses decreased by approximately 27.0% from approximately RMB21.5 million for the year ended 31 December 2016 to approximately RMB15.7 million for the year ended 31 December 2017, which was primarily due to the fact that no Listing expenses were incurred for the year ended 31 December 2017. The Group's other administrative expenses has increased by 130.2% from approximately RMB6.8 million for the year ended 31 December 2016 to approximately RMB15.7 million for the year ended 31 December 2017, which was primarily due to the increase in remuneration for Directors and senior management, the increase in fee payments to independent professional parties for post-Listing compliance matters, and the increase in office expenses for the new branch offices.

The Group's administrative expenses increased by approximately 377.7% from approximately RMB4.5 million for the year ended 31 December 2015 to approximately RMB21.5 million for the year ended 31 December 2016 which was primarily due to the incurrence of the one-off Listing expenses of approximately RMB14.7 million. The Group's other administrative expenses has increased by 51.1% from approximately RMB4.5 million for the year ended 31 December 2015 to approximately RMB6.8 million for the year ended 31 December 2016, which was primarily due to the increase in remuneration for Directors and newly hired senior management members, the increase in fee payments to independent audit services, and the increase in employee benefits costs.

Other Expenses

The Group's other expenses decreased from approximately RMB2.4 million for the nine months ended 30 September 2017 to nil for the nine months ended 30 September 2018, which was primarily due to fluctuation in foreign exchange rates arising from offshore bank balances in Hong Kong dollars.

The Group's other expenses increased significantly from approximately RMB30,000 for the year ended 31 December 2016 to approximately RMB2.9 million for the year ended 31 December 2017, which was primarily due to the fluctuation in the exchange rates arising from offshore bank balance of the proceeds in Hong Kong dollars from the Listing.

The Group's other expenses increased from approximately RMB12,000 for the year ended 31 December 2015 to approximately RMB30,000 for the year ended 31 December 2016.

Profit before tax

The Group's profit before tax has increased by approximately 15.8% from approximately RMB16.5 million for the nine months ended 30 September 2017 to approximately RMB19.1 million for the nine months ended 30 September 2018.

The Group's profit before tax has increased by approximately 136.6% from approximately RMB13.1 million for the year ended 31 December 2016 to approximately RMB31.0 million for the year ended 31 December 2017.

As a result of the one-off Listing expenses and the foregoing reasons, the Group's profit before tax decreased by approximately 39.3% from approximately RMB21.6 million for the year ended 31 December 2015 to approximately RMB13.1 million for the year ended 31 December 2016.

Income tax expenses

The Group's income tax expenses decreased by approximately 6.7% from approximately RMB3.0 million for the nine months ended 30 September 2017 to approximately RMB2.8 million for the nine months ended 30 September 2018. The Group's effective tax rate was approximately 18.0% and 14.6% for the same periods, respectively, because the Group's overseas subsidiaries reduced nondeductible expenses for the nine months ended 30 September 2018, resulting in an increase in the Group's profit before tax, yet no income tax was accrued from these increased profits.

The Group's income tax expense has increased by approximately 203.4% from approximately RMB2.9 million for the year ended 31 December 2016 to approximately RMB8.8 million for the year ended 31 December 2017, which was primarily due to an increase in profit before tax. The Group's effective tax rate was approximately 21.9% and 28.4% for the same periods, respectively, due to the Group recognized a relevant deferred tax liability of RMB2.9 million on dividends declared by Vixtel Technologies Limited for the year ended 31 December 2017.

The Group's income tax expenses decreased by approximately 11.1% from approximately RMB3.2 million for the year ended 31 December 2015 to approximately RMB2.9 million for the year ended 31 December 2016. The huge investment incurred in R&D in 2016 resulted in an additional 50% of R&D costs being deductible from the taxable income. The Group's effective tax rate was approximately 15.0% and 21.9% for the same periods, respectively. The higher effective income tax rate in 2016 was due to the one-off Listing expenses incurred which reduced profit before tax.

Net Profit

As a result of the foregoing reasons, the Group's net profit increased by approximately 20.5% from approximately RMB13.6 million for the nine months ended 30 September 2017 to approximately RMB16.3 million for the nine months ended 30 September 2018. The Group's net profit margin increased from approximately 16.9% for the nine months ended 30 September 2017 to approximately 20.2% for the nine months ended 30 September 2018. The increase in net profit and net profit margin was primarily due to the increase in other gains of the Group as mentioned above.

As a result of the foregoing reasons, the Group's net profit has increased by approximately 117.0% from approximately RMB10.2 million for the year ended 31 December 2016 to approximately RMB22.2 million for the year ended 31 December 2017. The Group's net profit margin increased from approximately 13.8% for the year ended 31 December 2016 to approximately 20.3% for the year ended 31 December 2017. The increase in net profit and net profit margin was mainly due to the increase in the operating revenue of the Group and no Listing expenses were incurred for the year ended 31 December 2017. Excluding the Listing expenses incurred in 2016, the Group's net profit decreased for the year ended 31 December 2017 mainly because the Group has incurred more research and development expenses and due to fluctuation in exchange rates arising from offshore bank balance of the proceeds in Hong Kong dollars from the Listing.

As a result of the foregoing reasons, the Group's net profit decreased by approximately 44.2% from approximately RMB18.3 million for the year ended 31 December 2015 to approximately RMB10.2 million for the year ended 31 December 2016. The decrease was primarily due to the one-off Listing expenses incurred. The Group's net profit margin decreased from approximately 35.6% for the year ended 31 December 2015 to approximately 13.8% for the year ended 31 December 2016, primarily due to the one-off Listing expenses incurred. Excluding the Listing expenses, the Group's net profit increased in the year ended 31 December 2016 mainly as a result of the increase in the Group's revenue in line with its business growth.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 December 2015, 2016, 2017 and the nine months ended 30 September 2018, the Group mainly financed the capital expenditures and working capital requirements through cash generated from operations and capital injection from its shareholders.

The Group's net current assets increased from approximately RMB37.0 million as at 31 December 2015 to approximately RMB111.9 million as at 31 December 2016, approximately RMB130.9 million as at 31 December 2017 and approximately RMB157.8 million as at 30 September 2018. Cash and cash equivalents increased from approximately RMB20.4 million to approximately RMB74.5 million as at 31 December 2017 and approximately RMB57.2 million as at 30 September 2018.

The Group recorded positive net operating cash flow of approximately RMB18.2 million and RMB4.1 million in 2015 and 2016, and negative net operating cash flow of approximately RMB9.6 million in 2017 and approximately RMB24.7 million as at 30 September 2018. The negative operating cash flow in 2017 was primarily attributable to recoding profit before tax of approximately RMB31.0 million offset by (i) an increase in gross amount due from contract customers of approximately RMB33.6 million as the services or construction we provided under certain contracts had not reached billing milestones, (ii) a decrease in other payables and accruals of RMB1.8 million in relation to employee compensation, and (iii) a payment of income tax of approximately RMB7.0 million due to the increase in profit in 2017.

As at the Latest Practicable Date, the Group had no borrowings.

On 6 June 2018, Cohort Investments, the Company and KGI Capital Asia Limited entered into a placing agreement in respect of a top-up placing of 21,255,000 Shares at a price of HK$1.08 per Share (the "**Placing**"), which was completed on the same date. The net proceeds from the Placing is approximately HK$22.2 million and are intended to be applied as general working capital purposes of the Group. Please refer to the Company's announcements dated 6 June 2018 and 12 June 2018 for details of the Placing.

Gross Amounts Due from Contract Customers

The Group's integrated APM system solutions and software development contracts include schedules of progress billings, according to which the Group's customer would issue a form of acceptance based on project milestones or periodically, acknowledging the progress of ongoing projects in the current period. Prior to reaching project billing milestone, the Group recognizes revenue and corresponding receivable under amounts due from contract customers based on the percentage of completion. Once a form of acceptance is obtained, the Group's finance department issues invoice to the customer based on the pre-agreed installment payment amount under such contract, such amount will be transferred from amount due from contract customers to trade receivables until payment is made. As such, progress billings and customer settlement are not directly related to the percentage of completion.

The Group's customers typically issue forms of acceptance to the Group after the delivery of products and the completion of tests following billing milestones. The Group's customers generally issue forms of acceptance after the products are delivered to them. It usually takes 30 to 90 days to conduct the initial stage tests and over 180 days to conduct the final stage tests. After the tests, the customers generally take approximately 30 to 90 days to confirm the progress of projects before they issue forms of acceptance.

According to the Group's accounting policies, where contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the balance is treated as an amount due from contract customers; where progress billings exceeded costs incurred plus recognized profits less recognized loss, the balance is treated as an amount due to contract customers. The Group generally experiences higher amounts due from contract customers when it recognizes revenue for a project milestone and has not yet made corresponding progress billings to the customer, and higher amounts due to contract customers at the beginning of a project stage when the progress billings, including those for advance payment, exceed revenue recognized. A majority of the customers of the Group during the Track Record Period were state-owned enterprises, which normally have extensive and time-consuming internal approval policies and procedures relating to the confirmation of the Group's progress billings. As a result, the Group may experience increases in the amounts due from contract customers in any given periods. The following table sets forth the gross amount due from customers for contract work for the Track Record Period:

	As at 31 December			As at 30 September	As at 30 September
	2015	2016	2017	2017	2018
				(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross amount due from contract customers	22,930	32,040	65,681	70,518	74,551
Contract assets(1)	–	–	–	–	–
Gross amount due from contract customers/ Contract assets(1) as percentage of revenue	44.5%	43.1%	60.2%	87.9%(2)	92.4%(2)

(1) "Gross amount due from contract customers" was renamed as "contract assets" pursuant to HKFRS 15. Please refer to "New Standards, Interpretation and Amendments Adopted by the Group" above for details. Unless otherwise stipulated, the figures under the term "gross amount due from contract customers" shall include both "gross amount due from contract customers" in respect of the figures from 2015, 2016 and 2017, and the "contract assets" for the nine months ended 30 September 2018.

(2) The percentage for the nine months is significantly higher than those for the full year as the revenue for the corresponding nine months, which is significantly lower than the revenue for full financial year, are used for the computation.

The Group's gross amounts due from contract customers increased from approximately RMB22.9 million as of 31 December 31, 2015 to approximately RMB32.0 million as of 31 December, 2016, approximately RMB65.7 million as of 31 December, 2017 and further to approximately RMB74.6 million as of 30 September 2018. The increase was primarily due to (i) the Group's business growth during the Track Record Period, (ii) the greater contract value for each contract as the Group expands its business and gains confidence from its customers, and (iii) the relatively long duration of such projects of large contract value. The Group's gross amount due from contract customers as of 31 December 2015, 2016, 2017, 30 September 2017 and 30 September 2018 represented approximately 44.5%, 43.1%, 60.2%, 87.9% and 92.4% of its total revenue in the corresponding periods, respectively. The increase in 2017 was primarily because of the contract sum contributed by state-owned telecommunication operators, which tend to have longer turnaround time for the issuance of forms of acceptance, increased in 2017. As of December 31, 2015, 2016, 2017 and 30 September 2018, the gross amount due from telecommunication operators amounted to approximately 17.6 million, 25.6 million, 60.3 million and 62.8 million, representing approximately 76.9%, 80.0%, 91.8% and 84.2% of the total gross amount due from contract customers, respectively.

As at 30 September 2018, approximately 64.9% of the gross amount due from contract customers as of 31 December 2017 was billed. As the gross amount due from contract customers increased during the Track Record Period, the Group has also sought to adopt a more proactive approach towards its customers. For those counterparties that usually take a long time for the issuance of forms of acceptance, the Group would contact them to understand the rationale and what the Group can offer to speed up their internal process for the issuance of forms of acceptance, and review and assess the status of the transactions with such counterparties on a more frequent basis.

The following is a summary of the status as at 30 September 2018 of the Group's top five projects in terms of gross amount due from contract customers as at 31 December 2017. In general, the gross profit margin of such projects vary based on their nature and may range from approximately 50% to 70%.

Customer's Business	Location	Type of Project	Total Contract Value *(RMB'000)*	Contract Assets[(1)] *(RMB'000)*	Contract Date	Expected Next Billing Date	Expected Completion Date
Telecommunications	Inner Mongolia Autonomous Region	Integrated APM System Solutions	6,365	–	August 2017	Completely Billed	April 2019
Telecommunications	Guangdong Province	Integrated APM System Solutions	3,401	3,209	January 2017	November 2018	February 2019
Telecommunications	Yunnan Province	Integrated APM System Solutions	2,780	2,780	October 2017	November 2018	February 2019
Telecommunications	Guangdong Province	Software Development Services	3,772	873	August 2017	November 2018	March 2019
Telecommunications	Hebei Province	Integrated APM System Solutions	3,550	–	November 2017	Completely Billed	February 2019

(1) "Gross amount due from contract customers" was renamed as "contract assets" pursuant to HKFRS 15.

The table below sets forth the Group's aging analysis of gross amounts due from contract customers as of the dates indicated. Aging amounts due from contract customers are calculated based on the date when service was rendered and corresponding revenue was recorded according to the percentage of completion method.

	As at 31 December,			As at 30 September
	2015	**2016**	**2017**	**2018**
				(Unaudited)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	20,203	24,847	60,754	65,324
One to two years	2,728	7,193	3,273	7,629
Over two years	–	–	1,654	1,598
Total	22,931	32,040	65,681	74,551

The Group recorded gross amount due from contract customers within one year of approximately RMB20.2 million, RMB24.8 million, RMB60.8 million and RMB65.3 million as of 31 December 2015, 2016, 2017 and 30 September 2018, representing 88.1%, 77.6%, 92.5% and 87.6% of the total gross amount due from contract customers as of the same dates, respectively. The relatively large portion of gross amount due from contract customers within one year was mainly because of the new contracts which are of relatively larger contract value entered into as the Group's business grows.

RECENT DEVELOPMENT SUBSEQUENT TO 30 SEPTEMBER 2018

Subsequent to 30 September 2018 and up to the Latest Practicable Date, 13 new projects with an aggregate contract sum of approximately RMB18.8 million were awarded to the Group. As at the Latest Practicable Date, approximately RMB5.1 million of the backlog as of 30 September 2018 were recognized as revenue. As at the Latest Practicable Date, the gross amount due from contract customers as of 30 September 2018 that was subsequently billed was approximately RMB13.0 million, and the gross amount due from contract customers as of 30 September 2018 that was subsequently billed and settled was approximately RMB4.0 million. As at the Latest Practicable Date, approximately 8.0% of the Company's trade receivables outstanding as of 30 September 2018 were settled.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that subsequent to 30 September 2018 and up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group and there have been no trends or developments which may have a material adverse impact on the Group's business operations or financial performance.

LEGAL AND COMPLIANCE

To the best knowledge of the Directors, (i) the Group was not involved in any material litigation or arbitration proceedings pending or threatened against the Group or any of the Directors that could have a material adverse effect of the Group's business, financial condition or results of operations; (ii) as at the Latest Practicable Date, each of the subsidiaries of the Company in the PRC had obtained all material licences, permits and approvals from the relevant regulatory authorities in the PRC in relation to its establishment and business operations which are material to the Group's business operation; and (iii) subsequent to the Listing and up to the Latest Practicable Date, the Group had complied with all the applicable laws and regulations in relation to its business operations in all material aspects.

USE OF PROCEEDS AND BUSINESS STRATEGIES

The Shares of the Company were listed on GEM of the Stock Exchange on the Listing Date, of which 102,800,000 new shares of HK$0.74 each were issued by the Company. The net proceeds from the Listing, after deduction of the underwriting fees and other related expenses, was approximately HK$58.4 million. The Company intends to apply proceeds in the manner as described under the section headed "Future Plans and Use of Proceeds" in the Prospectus.

The future plans and the planned use of proceeds disclosed in the Prospectus were based on the Group's best estimate on the future market condition during the preparation of the Prospectus, and the proceeds have been applied taking into consideration the actual business and market development. As at the date of this announcement, the Group has utilized the proceeds consistently with the disclosure in the Prospectus and the Group expects that the planned use of proceeds from the Listing will remain unchanged.

The following table illustrates the proposed use of net proceeds from the Group's Listing and the actual utilisation of the net proceeds as at 30 June 2018:

Use of net proceeds	**Planned amount as presented in the Allotment Results Announcement dated 14 December 2016** *(HK$ million)*	**Approximate percentage of total net proceeds**	**Planned amount as at 30 June 2018** *(HK$ million)*	**Actual utilized amount as at 30 June 2018** *(HK$ million)*	**Unutilized net proceeds as at 30 June 2018** *(HK$ million)*
Further solidify the leadership in China's APM market	17.52	30%	9.64	9.98	7.54
Continue to strengthen in-house R&D capabilities	23.36	40%	12.85	13.02	10.34
Leverage growth opportunities in China and strategically expand into certain overseas markets	11.68	20%	6.42	6.74	4.94
Fund general corporate purposes	5.84	10%	3.21	3.36	2.48
Total	58.40	100%	32.12	33.10	25.30

The Company will maintain its investment in the APM technology for digital households and businesses, which supports ultra-large-scale user data access, in order to roll out the APM business for big data analysis and artificial intelligence ("**AI**") development. The Company has developed a brand new platform for large-scale access to the IoT "Vaporware" and household digital internet equipment, which will be officially commercialized in 2018. The platform can expand flexibly to accommodate data access requests from tens of millions of users, extending the APM services to home users and IoT terminals in addition to enterprises. At the same time, the Group is working with its customers to develop the Artificial Intelligence for IT Operations ("**AIOps**") technologies, which utilize the data collected from the new platform to conduct analysis on user experience, business trends and security.

In respect of its APM services for telecommunication operators, the Company plans to:

1. continue to consolidate the digital experience of the large number of users and leverage on the technical advantages in APM services for Internet business of the Company and provide the operators with comprehensive IoT business performance management products and services; and

2. invest in big data and AI analysis technologies; make full use of the Group's fundamental advantages on digital household data collection to provide value-added services based on user behaviour, user portraits and user perception; employ AI technology to locate experience optimization targets and directions for operators from tens of millions of customers.

In respect of the enterprise market and SaaS, the Group will focus on:

1. improving the channels and means of marketing, establishing a sub-industry and multi-level distributor system and expanding the user base. As an important step in the Group's channel expansion process, the Company will work with the operator's Information and Communication Technology ("**ICT**") department to sell its SaaS products to enterprise users as a value-added service from the operator. The Company has entered into cooperation agreements with operators with an aim to introduce its internet performance management solution into their intelligent broadband business for government and corporate clients, and accordingly the Group expects the number of corporate clients and the revenue derived from them will grow rapidly;

2. providing a more comprehensive corporate digital performance management suite that covers the whole process of enterprise network performance monitoring, business performance optimization, server performance management, information security management and network security management. The Group expects that the one-stop digital performance management platform will become increasingly popular in the enterprise SaaS market;

3. boosting cooperation with major public cloud platforms and selling the Group's SaaS services as a standardized product in the public cloud market, with the aim of serving a larger number of small and medium-sized customers; and

4. establishing partnership with leading companies in converged communications, Content Delivery Network ("**CDN**") and cloud computing industry and promoting the Group's online services through system integration. In overseas markets, the Company will carefully select countries and regions which are suitable for the Group's products and sales channels, and concentrate its efforts in promoting the Group's products and services in Southeast Asia.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The Company discloses below the biographical information of each of the current Directors and members of senior management:

Executive Directors

Mr. Yue Yong (**岳勇先生**), aged 45, was appointed as a Director of the Company on 10 November 2015 and was redesignated as an executive Director on 28 July 2016. Mr. Yue has been the Chief Technology Officer of the Company since 18 January 2016. He is primarily responsible for the overall management and corporate policy making of the Group's business operation and in particular, overseeing the engineering and technical operations as well as research and development of the Group. Mr. Yue obtained a bachelor's degree in information engineering and a master's degree in engineering from Xidian University (西安電子科技大學) in July 1994 and March 1997, respectively. Mr. Yue joined the Group as the technical director in September 2006 and has over 18 years of experience in the Internet and software industry. Mr. Yue was employed as an application engineer in the Agilent Technologies Group (安捷倫科技集團), a group engaging in the provision of IT, test and measurement services, from August 1999 to December 2006.

Mr. Sie Tak Kwan (**施德群先生**), aged 41, was appointed as a Director of the Company on 10 November 2015 and was redesignated as an executive Director and Chief Executive Officer of the Company on 28 July 2016. Mr. Sie is primarily responsible for the overall planning, management and strategic development of and overseeing the operations of the Company's business. He has over 16 years of experience in the high-technology software solution industry and in the development of application performance management technology. Mr. Sie graduated from the Hong Kong Polytechnic University with a bachelor's degree in electronic engineering in November 2000. He further obtained a master's degree of science in engineering (communication engineering) from the University of Hong Kong in December 2003. Mr. Sie joined the Group as supervisor in December 2010. Prior to joining the Group, Mr. Sie worked with Agilent Technologies Hong Kong Limited (安捷倫科技香港有限公司) ("**Agilent Technologies HK**") in July 2000 as an application engineer. He left Agilent Technologies HK in November 2008 when he was the Asia Business Development Manager of its Electronic Measurements Group. Mr. Sie is the younger brother of Ms. Sie Chun Yu, the financial controller of the Company.

Mr. Guan Haiqing (**管海卿先生**), aged 43, was appointed as a Director of the Company on 10 November 2015 and was redesignated as an executive Director on 28 July 2016. Mr. Guan has been the Chief Sales Officer of the Company since 18 January 2016 and has been the sales director of the Group since April 2015, primarily responsible for overseeing the sales and marketing activities of the Group. Mr. Guan graduated from the Shanghai Jiao Tong University (上海交通大學) with a bachelor's degree in automation in July 1995. Mr. Guan has over 17 years of sales and marketing experience in high technology software solution enterprises. Prior to joining the Group, Mr. Guan served as a research and development engineer and a testing engineer at Shanghai Bell Alcatel Mobile Communication System Company Limited (上海貝爾阿爾卡特移動通訊系統有限公司), a company primary engaging in mobile communication, IP networking, network application and management, from April 1996 to April 2000. Mr. Guan then served as a sales manager of the Agilent Technologies Group from June 2000 to April 2010. From August 2010 to June 2013, Mr. Guan worked in the sales department of JDSU Photoelectric Technology (Beijing) Co. Ltd (捷迪訊光電技術(北京)有限公司). From July 2013 to March 2015, he worked as a senior sales manager of JDSU Communication Technology (Shenzhen) Co. Ltd (Shanghai Branch) (捷迪訊通訊技術(深圳)有限公司上海分公司).

Non-executive Director

Mr. Liang Judong (**梁炬東先生**), aged 48, was appointed as a Director of the Company on 10 November 2015 and was redesignated as the non-executive Director on 28 July 2016. He is responsible for providing advice on the strategic development of the Group. Mr. Liang obtained a bachelor's degree in industrial electronics and automation from the South China University of Technology (華南理工大學) in July 1991. Mr. Liang worked as a sales manager of the Group from January 2012 to March 2016 and has 19 years of sales and marketing experience. Prior to joining the Group, Mr. Liang joined the Agilent Technologies Group as its senior sales engineer from December 1997 to April 2009.

Independent non-executive Directors

Mr. Cheung Hon Fai (**張漢輝先生**), aged 43, has been appointed as the independent non-executive Director on 21 November 2016. Mr. Cheung obtained a bachelor's degree in accountancy from the Hong Kong Polytechnic University in November 1996 and a postgraduate diploma in enterprise risk management from the School of Professional and Continuing Education of the University of Hong Kong in May 2011. He is an associate member of the Hong Kong Institute of Certified Public Accountants since May 2000, a member of the Association of Chartered Certified Accountants since December 1999 and became a fellow member of the Association of Chartered Certified Accountants since December 2004. Mr. Cheung is a Certified Public Accountant in Hong Kong and is currently the Group Financial Controller of Well Capital Corporation Limited, which is principally engaged in trading. Mr. Cheung has over 20 years of experience in accounting and finance.

Professor Lam Kin Man (**林健文教授**), aged 55, has been appointed as an independent non-executive Director of the Company on 21 November 2016. Professor Lam obtained a master's degree of science in communication engineering from the Imperial College of Science and Technology of the University of London in December 1987. He further obtained a doctorate degree of philosophy from the University of Sydney in Australia in October 1996. Professor Lam has extensive knowledge in signal processing. Since July 2010, he becomes a professor of the Electronic and Information Engineering Department in the Hong Kong Polytechnic University. From 2004 to 2012, he was actively involved in organizing various international conferences. In particular, he was the technical chairman of the 2004 International Symposium on Intelligent Multimedia, Video and Speech Processing and the technical co-chairman of the 2005 International Symposium on Intelligent Signal Processing and Communication Systems and the 2010 Pacific-Rim Conference on Multimedia. For the period of 2007 to 2008, Professor Lam was appointed as the Chairman of IEEE Hong Kong Chapter of Signal Processing. Currently, Professor Lam is a member of the Board of Governors of the Asia-Pacific Signal and Information Processing Association, being responsible for the member relations and development of the association.

Mr. Shen Qi (**岑奇先生**), aged 43, has been appointed as an independent non-executive Director of the Company on November 21, 2016. Mr. Shen graduated from the China Jiliang University (中國計量大學) (formerly known as China Jiliang College (中國計量學院) with a bachelor's degree in information engineering in July 1997 and obtained another bachelor's degree in economics law from the Jilin University (吉林大學) in July 1998. Mr. Shen was admitted as a lawyer of the PRC in May 1999. He has over 17 years of experience in legal practice. Mr. Shen has been a partner and lawyer of Shanghai Qi Dao Law Firm (上海祺道律師事務所), since May 2013. Prior to his current position, he worked at Shanghai Xinmin Law Firm (上海市新閔律師事務所) as a lawyer from April 2003 to May 2013 and was promoted as a partner of the firm in 2008.

Company Secretary

Mr. Cheung Kai Cheong Willie, is a manager of SW Corporate Services Group Limited, mainly responsible for assisting listed companies in professional company secretarial work. Prior to joining SW Corporate Services Group Limited, he served as the company secretary and finance controller of certain companies whose shares are listed on the Stock Exchange. He has more than 19 years of professional experiences in company secretarial, accounting and finance matters. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. He obtained a Bachelor Degree of Arts (Honors) in Accounting and Finance at the University of Glamorgan in the United Kingdom in June 1996.

Senior Management

Ms. Sie Chun Yu, aged 45, joined the Group as the financial controller on 4 July 2016. Ms. Sie is primarily responsible for the overall management of the finance and accounting operations and providing financial strategic planning, budgeting and forecast to the Group. Ms. Sie is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since April 2000, a fellow member of the Association of Chartered Certified Accountants since April 2005 and a Certified Public Accountant of the CPA Australia Ltd since July 2014. She obtained a bachelor's degree in business administration in accounting from the Hong Kong Baptist University in November 1995 and a master's degree in corporate finance from the Hong Kong Polytechnic University in December 2006. Ms. Sie has over 20 years of experience in the field of audit and financial management. Prior to joining the Group, she was a financial controller of EE Hobbies Australia Pty Ltd.

Mr. Liu Zewei, aged 35, is the head of the research and development department of the Group and joined the Group on 27 December 2007. He is primarily responsible for leading the research and development department. Mr. Liu obtained a bachelor's degree in computer science and technology from the Shanxi University (山西大學) in July 2004. He has over 10 years of experience in the research and development of software systems. Prior to joining the Group, Mr. Liu worked as an engineer with Shenzhen Smartcom Business Co., Ltd (慧通商務(深圳)有限公司) from December 2005 to September 2007.

Mr. Yuan Feixiong, aged 33, was appointed as the research director of the wholly-owned subsidiary of the Group, Vixtel Technologies Limited on 16 December 2016 and is primarily responsible for research, development and management of the SaaS cloud products division of the Group. Mr. Yuan graduated from the College of Computer and Communication of Hunan University (湖南大學計算機與通信學院) (now known as the College of Computer Science and Electronic Engineering, Hunan University (湖南大學資訊科學與工程學院)) in June 2006 with a bachelor's degree in Communication Engineering. Mr. Yuan has more than 10 years of experience in research and development of communications software. Prior to joining the Group in 2016, he served as a senior research and development engineer in LeCloud Computing Co., Ltd (樂視雲計算有限公司).

Ms. Ren Dong, aged 42, was appointed as the financial controller of the wholly-owned subsidiary of the Group, Vixtel Technologies Limited on 27 June 2017 and is responsible for the management of accounting and financial operations of the subsidiaries of the Group. Ms. Ren is a Certified Public Accountant in China since April 2003, an associate member of the China Institute of Certified Public Accountants since June 2017, Certified Internal Auditor and an internal auditor of the Beijing Institute of Internal Auditors (北京註冊內部審計師) since November 2006. Ms. Ren graduated from Capital University of Economics and Business in July 1998 with a bachelor's degree in accounting. Ms. Ren has worked at Pan Asia Certified Public Accountants Limited and Deloitte Touche Tohmatsu CPA Ltd. Beijing Branch. She has also worked as the Financial Analysis Supervisor at Beijing Innovative Linkage Technology Ltd.. Prior to joining the Group, she has worked as the Financial Analysis Manager at Beijing RITT-Net Technology Development Co., Ltd (北京華瑞網研科技有限公司).

Mr. Ma Xuejia, aged 35, was appointed as the technical services director of the wholly-owned subsidiary of the Group, Vixtel Technologies Limited on 1 July 2017 and is mainly responsible for the management and coordination of technical departments of the Group. Mr. Ma was previously responsible for the pre-sale management and technical support of the Group's products. Mr. Ma graduated from the Beijing Institute of Information Engineering with Computer Information Management Professional Diploma in July 2003. Prior to joining the Group in 2009, he worked in Guangdong Eshore Technology Co., Ltd., a wholly-owned subsidiary of China Telecom, as a System Integration Engineer.

Mr. Wu Peng, aged 37, was appointed as the group customer sales director of the wholly-owned subsidiary of the Group, Vixtel Technologies Limited on 1 July 2017 and is mainly responsible for the group customer sales of products and services of the Group. Mr. Wu was previously responsible for pre-sale technical support of the Group's products. He graduated from Xi'an Technological University (西安工業學院) in July 2003 with a bachelor's degree in engineering (electronic and information engineering) and holds qualifications of Project Management Professional (PMP) certification since March 2009 and network engineer since September 2007. Mr. Wu has over 10 years of experience in research and sales of network communication solutions. Prior to joining the Group in 2010, he worked as an engineer at Huawei Technologies Co., Ltd.

Mr. Zhang Haoyu, aged 42, was appointed as the key account sales director of the wholly-owned subsidiary of the Group, Vixtel Technologies Limited on 1 July 2017 and is mainly responsible for the sales of products and services to the Group's key accounts. He graduated from Beijing Xicheng Economic Science University with a Business Management Professional Diploma in July 1999 and has over 15 years of experience in the sales of network communication solutions. Prior to joining the Group in 2013, he worked at the sales department of Chengdu Evercreative Technology Co., Ltd. (成都九鼎瑞信網路技術有限公司).

Directors' and Chief Executives' interests in Shares

As at the date of this announcement, save as disclosed below, none of the Directors or the chief executives have any other interest in the Shares, underlying Shares or debentures of the Company within the meaning of Part XV of the SFO:

Name of Director	**Capacity**	**Number of Shares held**	**Approximate percentage of Shareholding** *(Note 1)*
Mr. Yue Yong *(Notes 1 and 2)*	Interest in a controlled corporation; interest held jointly with another person	310,040,000	61.03%
Mr. Sie Tak Kwan *(Notes 1 and 3)*	Interest in a controlled corporation; interest held jointly with another person	310,040,000	61.03%
Mr. Guan Haiqing *(Notes 1 and 4)*	Interest in a controlled corporation; interest held jointly with another person	310,040,000	61.03%
Mr. Liang Judong *(Note 1 and 5)*	Interest in a controlled corporation; interest held jointly with another person	310,040,000	61.03%

Note 1: Pursuant to the deed of concert parties dated 11 August 2016 as supplemented by a supplemental deed dated 10 November 2016, Mr. Yue Yong, Mr. Sie Tak Kwan, Mr. Guan Haiqing and Mr. Liang Judong confirm, agree and acknowledge, among other things, that they are parties acting in concert in respect of the Group since 29 December 2010. As such, pursuant to the Deed of Concert Parties, each of Mr. Yue Yong, Mr. Sie Tak Kwan, Mr. Guan Haiqing and Mr. Liang Judong is deemed to be interested in 61.03% of the issued share capital of the Company.

Note 2: Shares in which Mr. Yue Yong is interested consist of (i) 103,335,000 Shares held by Worldgate Ventures Limited, a company wholly-owned by him, in which Mr. Yue Yong is deemed to be interested under the SFO; and (ii) 206,705,000 Shares in which Mr. Yue Yong is deemed to be interested as a result of being a party acting-in-concert with Mr. Sie Tak Kwan, Mr. Guan Haiqing and Mr. Liang Judong.

Note 3: Shares in which Mr. Sie Tak Kwan is interested consist of (i) 103,335,000 Shares held by Cohort Investments Limited, a company wholly-owned by him, in which Mr. Sie Tak Kwan is deemed to be interested under the SFO; and (ii) 206,705,000 Shares in which Mr. Sie Tak Kwan is deemed to be interested as a result of being a party acting-in-concert with Mr. Yue Yong, Mr. Guan Haiqing and Mr. Liang Judong.

Note 4: Shares in which Mr. Guan Haiqing is interested consist of (i) 72,365,000 Shares held by Copious Link Investments Limited, a company wholly-owned by him, in which Mr. Guan Haiqing is deemed to be interested under the SFO; and (ii) 237,675,000 Shares in which Mr. Guan Haiqing is deemed to be interested as a result of being a party acting-in-concert with Mr. Sie Tak Kwan, Mr. Yue Yong and Mr. Liang Judong.

Note 5: Shares in which Mr. Liang Judong is interested consist of (i) 31,005,000 Shares held by Hugemind Investments Limited, a company wholly-owned by him, in which Mr. Liang Judong is deemed to be interested under the SFO; and (ii) 279,035,000 Shares in which Mr. Liang Judong is deemed to be interested as a result of being a party acting-in-concert with Mr. Sie Tak Kwan, Mr. Yue Yong and Mr. Guan Haiqing.

Saved as disclosed above, none of the Directors and chief executive of the Company (i) had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (with the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange; (ii) had any other relationship with other Directors, senior management or substantial Shareholders or Controlling Shareholders of the Company as of the Latest Practicable Date; (iii) held any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas.

WAIVER FROM STRICT COMPLIANCE WITH RULE 8.12 OF THE MAIN BOARD LISTING RULES

The Company has sought a waiver from strict compliance with Rule 8.12 of the Main Board Listing Rules in relation to the Transfer of Listing.

Pursuant to Rule 8.12 of the Main Board Listing Rules, a new applicant for primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong and, in normal circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong.

The Group applied to the Stock Exchange for a waiver from strict compliance with the requirement under Rule 8.12 of the Main Board Listing Rules and the Stock Exchange has granted a waiver from strict compliance with Rule 8.12 of the Main Board Listing Rules based on the following reasons and grounds:

1. the Group's principal business, major assets and operations are primarily located in the PRC;

2. members of the Group's senior management are, and expect to continue to be, based primarily in the PRC;

3. in order to comply strictly with the requirements under Rule 8.12 of the Main Board Listing Rules, the Company would have to appoint at least one additional executive Director or relocate one executive Director to Hong Kong. The Directors consider that it would be practically difficult and not commercially feasible for the Company to implement such arrangement, and it is not in the best interest of the Company and its shareholders as a whole to (i) incur extra administrative expenses for the additional appointment or (ii) to reduce the Company's management efficiency by relocating the executive Director to Hong Kong that is not where the Company's principal place of operation is located. Furthermore, if the executive Director or the additional one is not able to be physically present at the location where the Group's daily operations and management take place, he or she may not be able to fully and/or promptly understand the daily business operation of the Group nor appreciate the circumstances affecting the business operations and development of the Group from time to time. As a result, such arrangement may adversely affect the executive Director's ability to make his or hers business judgement on a fully informed basis and in the interest of the operation and development of the Group; and

4. the Company does not have, nor does it expect that in the foreseeable future that the Company will have, sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rule 8.12 of the Main Board Listing Rules.

The following measures will continue to be implemented to maintain regular and effective communication with the Stock Exchange:

1. the Company has appointed two authorized representatives, namely Mr. Sie Tak Kwan and Mr. Cheung Kai Cheong Willie, pursuant to Rule 3.05 of the Main Board Listing Rules who will act as the Company's principal communication channel with the Stock Exchange. Each of the authorized representatives has been duly authorized to communicate on behalf of the Company with the Stock Exchange. The Company will inform the Stock Exchange promptly in respect of any change in its authorized representatives;

2. both authorized representatives have means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the members of the Board for any matter;

3. all Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange in Hong Kong upon reasonable notice;

4. each Director has confirmed that in the event that he or she expects to travel or be out of office, he or she will provide the phone number of the place of his or her accommodation or other means of communication to the Company's authorized representatives; and

5. in compliance with Rule 9A.13 of the Main Board Listing Rules, the Company has appointed KGI Capital Asia Limited as its compliance advisor to provide the Company with advices on its obligations in relation to the compliance with the Listing Rules, all other applicable laws, rules, codes and guidelines. The compliance advisor will act as an additional channel of communication with the Stock Exchange.

In light of the above arrangement, the Company believes that all members of the Board can be promptly informed of any matters raised by the Stock Exchange and that there is an effective communication channel with the Stock Exchange.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for viewing on the respective websites of the Company at http://www.vixtel.com and of the Stock Exchange at http://www.hkexnews.hk:

(a) the Memorandum and the Articles of Association;

(b) the annual report (including the Director's report) of the Company for the year ended 31 December 2017;

(c) the interim report of the Company for the six months ended 30 June 2018;

(d) the quarterly report of the Company for the nine months ended 30 September 2018;

(e) the circular of the Company dated 9 February 2018 in relation to the proposed grant of general mandates to issue and repurchase Shares, re-election of Directors and notice of annual general meeting;

(f) the announcements and other corporate communications made by the Company prior to the date of this announcement as required under the GEM Listing Rules and the Main Board Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"APM"	application performance management
"Articles of Association"	the articles of association of the Company, conditionally adopted on 21 November 2016 and effective upon Listing, and as amended from time to time
"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Board of Directors" or "Board"	the board of Directors
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"China" or "PRC"	the People's Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau, Taiwan
"China's Largest Telecom Group"	the largest state-owned telecommunications operator in China in terms of total revenue and number of users in 2017 and its subsidiaries, which are also major customers of the Group
"Cohort Investments"	Cohort Investments Limited (高酷投資有限公司), a company incorporated under the laws of the BVI with limited liability on 14 July 2015, which is wholly-owned by Mr. Sie and is part of the group of the Controlling Shareholders
"Company" or "the Company"	Vixtel Technologies Holdings Limited (飛思達科技控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on 10 November 2015
"connected Person(s)"	has the meaning ascribed thereto under the GEM Listing Rules or Main Board Listing Rules, as applicable
"Controlling Shareholder(s)"	has the meaning ascribed to it under the GEM Listing Rules or Main Board Listing Rules, as applicable, unless the context requires otherwise, refers to the group comprising Mr. Sie, Mr. Yue, Mr. Guan, Mr. Liang, Cohort Investments, Worldgate Ventures, Copious Link and Hugemind Investments
"Copious Link"	Copious Link Investments Limited (環沛投資有限公司), a company incorporated under the laws of the BVI with limited liability on 22 September 2015, which is wholly-owned by Mr. Guan and is part of the group of the Controlling Shareholders
"Deed of Concert Parties"	the deed of concert parties dated 11 August 2016 as supplemented by a supplemental deed dated 10 November 2016 entered into by the ultimate Controlling Shareholders, namely Mr. Sie Tak Kwan, Mr. Yue Yong, Mr. Guan Haiqing and Mr. Liang Judong to confirm, agree and acknowledge, among other things, that they are parties acting in concert in relation to the Group since 29 December 2010 when the entire equity interests in Vixtel Technologies were transferred to Vixtel Science, details of which are set out in "History, Reorganization and Corporate Structure – Parties Acting in Concert" in the Prospectus
"Director(s)"	the director(s) of the Company or any one of them
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM

"Great Belief"	Great Belief Investments Limited, a company incorporated under the laws of the BVI with limited liability on 8 January 2016, which is wholly-owned by Ms. Li Xiaoyan and is one of the Pre-IPO Investors
"Group, the Group"	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
"HKFRSs"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HK$" or "Hong Kong dollars"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hugemind Investments"	Hugemind Investments Limited (鉅智投資有限公司), a company incorporated under the laws of the BVI with limited liability on 23 September 2015, which is wholly-owned by Mr. Liang and is part of the group of the Controlling Shareholders
"independent third party (ies)"	A party(ies) which is/are not a connected person (as defined in the GEM Listing Rules or Main Board Listing Rules, as applicable)
"IoT"	Internet of Things, the interconnection via the Internet of computing devices embedded in everyday objects
"Latest Practicable Date"	14 November 2018, being the latest practicable date prior to the printing of this announcement for the purpose of ascertaining certain information contained in this announcement
"Listing"	listing of Share on GEM on 15 December 2016
"Main Board"	the stock market operated by the Stock Exchange, prior to the establishment of GEM (excluding the options market), which continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
"Main Board Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of the Company as adopted on 21 November 2016 with immediate effect and as amended from time to time

"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"NetVista platform"	the Company's APM product that manages and monitors the real-time performance of applications and networks
"PRC" or "Mainland China"	the People's Republic of China
"Prospectus"	The Company's prospectus dated 30 November 2016
"QoS"	Quality of Service, the overall performance of a telephony or computer network, particularly the performance seen by the users of the network
"RMB"	Renminbi, the lawful currency of the PRC
"R&D"	research and development
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SaaS"	Software-as-a-Service, a software delivery model in which software and associated data are centrally hosted on the cloud
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on 21 November 2016
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	the substantial shareholder(s) (which has the meaning ascribed to it under the GEM Listing Rules or Main Board Listing Rules, as applicable) of the Company
"Track Record Period"	the three financial years ended 31 December 2015, 2016 and 2017

"Transfer of Listing"	the transfer of the listing of the Shares from GEM to the Main Board pursuant to the relevant provisions of the GEM Listing Rules and the Main Board Listing Rules
"VAT"	value-added tax

By order of the Board
Vixtel Technologies Holdings Limited
Yue Yong
Chairman and Executive Director

Hong Kong, 21 November 2018

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors
Mr. Yue Yong
Mr. Sie Tak Kwan
Mr. Guan Haiqing

Non-executive Director
Mr. Liang Judong

Independent Non-executive Directors
Mr. Cheung Hon Fai
Professor Lam Kin Man
Mr. Shen Qi

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules and the Main Board Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at http://www.hkexnews.hk for a minimum period of seven days from the date of publication and on the website of the Company at http://www.vixtel.com.