



EXPERT

EXPERT SYSTEMS HOLDINGS LIMITED 思博系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8319

PLACING

Sole Sponsor



上銀國際有限公司
BOSC International Company Limited

Joint Bookrunners and Joint Lead Managers



上銀國際有限公司
BOSC International Company Limited



雅利多證券
ARISTO SECURITIES LIMITED

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



EXPERT

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思博系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)

**LISTING ON THE GROWTH ENTERPRISE MARKET OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
BY WAY OF PLACING**

Number of Placing Shares : 200,000,000 Placing Shares
Placing Price : Not more than HK\$0.3 per Placing Share
and expected to be not less than HK\$0.2
per Placing Share plus brokerage of
1.00%, SFC transaction levy of 0.0027%
and Stock Exchange trading fee of
0.005% (payable in full on application
subject to refund)
Nominal value : HK\$0.01 per Share
GEM stock code : 8319

Sole Sponsor



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BOSC International Company Limited

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Co-managers

Halcyon Securities Limited

China Silver Securities Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies" in Appendix V to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (WUMP) Ordinance. The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Placing Price is currently expected to be fixed by an agreement between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on the Price Determination Date, which is scheduled on or before Wednesday, 6 April 2016, or such later time and date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters). If our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Placing Price on the Price Determination Date, or such later time and date as our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) may agree in writing, the Placing will not become unconditional and will lapse immediately. In such event, our Company will immediately issue an announcement on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.expertsystems.com.hk. The Placing Price is expected to be not more than HK\$0.3 per Placing Share and not less than HK\$0.2 per Placing Share. The indicative Placing Price range may be reduced below that stated in this prospectus at any time prior to the Price Determination Date should they consider it appropriate (for instance, if the level of interest is below the indicative Placing Price range). If this occurs, a notice of reduction of the indicative Placing Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.expertsystems.com.hk.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including but not limited to the risk factors set out in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Placing Shares should note that the obligations of the Underwriters under the Underwriting Agreement to procure subscribers for or themselves to subscribe for the Placing Shares are subject to the termination by the Joint Lead Managers (for themselves and on behalf of the Underwriters) upon the occurrence of any of the events set out under the paragraph headed "Grounds for termination" in the section headed "Underwriting" in this prospectus, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Joint Lead Managers (for themselves and on behalf of the Underwriters) terminate the Underwriting Agreement, the Placing will not proceed and will lapse.

30 March 2016

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to higher market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE

(Note 1)

Expected Price Determination Date (Note 2) Wednesday, 6 April 2016

Announcement of the Placing Price and the level of
indication of interest in the Placing to be
published on the Stock Exchange's website
at www.hkexnews.hk and our Company's website
at www.expertsystems.com.hk on or before Monday, 11 April 2016

Allotment of the Placing Shares on or before Monday, 11 April 2016

Deposit of share certificates for the Placing Shares
into CCASS on or before (Note 3) Monday, 11 April 2016

Dealings in the Shares on GEM to commence at 9:00 a.m. on Tuesday, 12 April 2016

Notes:

1. In this prospectus, unless otherwise stated, all times and dates refer to Hong Kong local times and dates.
2. The Price Determination Date is expected to be on or before Wednesday, 6 April 2016 (or such later time and date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) in writing). If the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Placing Price on the Price Determination Date, or such later time and date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) in writing, the Placing will not become unconditional and will lapse immediately.
3. The share certificates for the Placing Shares to be distributed via CCASS are expected to be deposited into CCASS on or before Monday, 11 April 2016 for credit to the relevant CCASS Participants' stock accounts designated by the Joint Lead Managers, the placees or their respective agents (as the case may be). No temporary documents or evidence of title will be issued.
4. If there is any change to the above expected timetable, our Company will make an appropriate announcement to inform investors accordingly.
5. All share certificates will only become valid certificates of title when the Placing has become unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date.

Details of the structure of the Placing, including the conditions thereto, are set out in the section headed "Structure and Conditions of the Placing" in this prospectus.

CONTENTS

This prospectus is issued by our Company solely in connection with the Placing and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Placing Shares offered by this prospectus pursuant to the Placing. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a Placing of the Placing Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.

You should rely only on the information contained in this prospectus to make your investment decision.

Our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not made nor contained in this prospectus must not be relied on by you as having been authorised by our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, advisers, agents, representatives or affiliates of any of them or any other persons or parties involved in the Placing.

The contents of our Company's website at www.expertsystems.com.hk do not form part of this prospectus.

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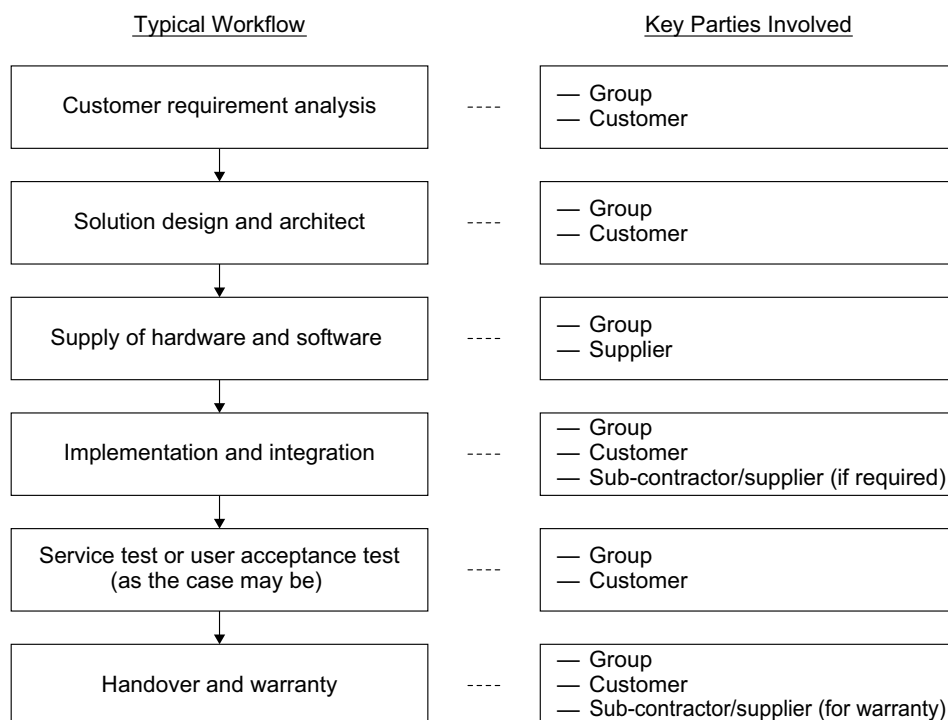
SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Placing Shares. There are risks associated with any investment. Some of the particular risks in investing in the Placing Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Placing Shares.

BUSINESS OVERVIEW

Established in 1985, we are an IT infrastructure solutions provider based in Hong Kong. We are primarily engaged in the provision of IT infrastructure solutions whereby we assess, design and implement IT infrastructure solutions for our customers by integrating different hardware and software sourced from third party suppliers to satisfy various IT requirements and needs of our customers. Our IT infrastructure solutions cover various aspects, some of which involve the latest IT inventions and highly specialised skills and expertise. The key aspects of our IT infrastructure solutions include virtualisation, software-defined data centre, software-defined networking, micro-segmentation, hyper-convergence, private, public and hybrid cloud, high performance computing, directory service, e-mail service, collaboration service, enterprise mobility management, network infrastructure and information security.

We typically manage the entire IT infrastructure solutions project, encompassing customer requirement analysis, solution design and architect, project management, hardware and/or software procurement, implementation and integration and testing on a fixed-price basis. The following chart illustrates the typical workflow of our IT infrastructure solutions project:



For more information regarding our operational flow, please refer to the paragraph headed “Description of our Business” in the section headed “Business” in this prospectus.

SUMMARY

Customers

We serve customers in both the private and public sectors. Our customers in the private sector mainly comprise of medium-sized to large multinational and local business enterprises in various industries, whereas our customers in the public sector include the Government, education institutions and NGOs. We have been an approved contractor of the Government for supplying server systems and provision of related services since 2006 and for supplying personal computer equipment and provision of related services since 2007. The current contract with the Government for supplying server systems and provision of related services will end on 31 January 2019 and the current contract with the Government for supplying personal computer equipment and provision of related services will end on 31 December 2016. Most of our customers are located in Hong Kong, with some located in Macau.

We served over 1,000 customers for each of the two years ended 31 March 2014 and 2015 and over 800 customers for the six months ended 30 September 2015. For each of the two years ended 31 March 2014 and 2015 and for the six months ended 30 September 2015, our five largest customers accounted for approximately 19.1%, 15.1% and 16.8%, respectively, of our total revenue, while our largest single customer accounted for approximately 6.9%, 4.2% and 5.2%, respectively, of our total revenue.

Suppliers

Our suppliers include prominent international and local hardware and/or software manufacturers and distributors. We normally source our products from our manufacturer suppliers directly or through their authorised distributors on a project basis. We are the first-tier or second-tier authorised resellers in Hong Kong and/or Macau for many of our principal manufacturer suppliers which are major hardware and/or software manufacturers in the global market. Being a first-tier or second-tier authorised reseller has allowed us to form close collaboration with our principal manufacturer suppliers and obtain high level of support and resources from them.

For each of the two years ended 31 March 2014 and 2015 and for the six months ended 30 September 2015, our five largest suppliers accounted for approximately 58.9%, 66.5% and 71.0%, respectively, of our total cost of sales, while our largest single supplier accounted for approximately 19.1%, 21.2% and 24.9%, respectively, of our total cost of sales.

Outsourcing

Whilst we have a team of in-house technical staff to carry out the implementation and integration work of our IT infrastructure solutions projects, we outsource certain implementation work to sub-contractors (including our suppliers in some circumstances) such as hardware installation and wiring work that requires broad level of skills but large labour force and certain specialised software implementation, configuration and/or customisation work so as to maintain our flexibility and cost effectiveness in carrying out the projects. We also outsource maintenance work such as extended product warranties as required by some of our customers upon the lapse of the original product warranties offered by our manufacturer suppliers to our suppliers or our sub-contractors.

For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, our cost of outsourcing services amounted to approximately HK\$26.1 million, HK\$29.6 million and HK\$15.4 million, respectively, which accounted for approximately 9.5%, 9.3% and 10.9%, respectively, of our revenue for the relevant year/period.

SUMMARY

CLEAR DELINEATION BETWEEN THE BUSINESS OF OUR GROUP AND THE SERVICEONE GROUP

Our Group is principally engaged in provision of IT infrastructure solutions, which our Group assesses, designs and implements IT infrastructure solutions for our customers by integrating hardware and/or software sourced from third party suppliers to satisfy various IT requirements and needs of our customers, whilst the ServiceOne Group is principally engaged in provision of IT support services in Hong Kong, Macau and China. Given the differences in the service scope between our business and the business of the ServiceOne Group, which are set out in the paragraph headed “Clear delineation between the business of our Group and the ServiceOne Group” in the section headed “Relationship with Controlling Shareholders” in this prospectus, our Directors consider that there is clear delineation between the business of our Group and the ServiceOne Group.

Given that our customers who require our IT infrastructure solutions may also require post-implementation services, which the ServiceOne Group provides, we served common customers with the ServiceOne Group during the Track Record Period. Notwithstanding the fact that we served common customers with the ServiceOne Group, the nature of services provided by us and the ServiceOne Group to such customers is distinct, not a substitute for and not inter-conditional. There was no contract bundling or joint bidding between our Group and the ServiceOne Group during the Track Record Period and up to the Latest Practicable Date. The common customers between us and the ServiceOne Group was mainly due to the fact that, as illustrated in the diagram in the paragraph headed “Clear delineation between the business of our Group and the ServiceOne Group” in the section headed “Relationship with Controlling Shareholders” in this prospectus, our Group and the ServiceOne Group are engaged in different stages involved in a typical IT infrastructure service chain to cater for customers’ different needs. As such, our Directors consider that such overlap of customers does not constitute any competition (whether actual or potential) between our Group and the ServiceOne Group given the distinct scope of services provided.

HISTORY OF EXPERT HK

Expert HK, our principal operating subsidiary, was established in Hong Kong in 1985. Expert HK was previously a subsidiary of two listed companies i.e. Legend, a company listed on the Main Board of the Stock Exchange (Stock code: 992) in 1994, and North 22, a company which was listed on the Singapore Exchange Limited from 2000 to 2012. North 22 was delisted from the Singapore Exchange Limited in 2012 due to its failure to comply with the profit and market capitalisation requirements under the Listing Manual of the Singapore Exchange Limited. Expert HK had been a subsidiary of Legend until it was disposed of in 2001.

In 1994, the then holding company of Expert HK, Legend, was listed on the Main Board of the Stock Exchange. In January 2001, a subsidiary of North 22, acquired 100.0% interest in Expert HK from a wholly-owned subsidiary of Legend for the consideration of HK\$12.0 million, which was arrived at after taking into account of the historical earnings potential of Expert HK.

In September 2004, the CE Purchasers acquired 100.0% interest in China Expert (a holding company of, among others, Expert HK) for the consideration of US\$800,000.0, which was arrived at with reference to China Expert’s then net assets of approximately US\$782,000.0. The net asset value of Expert HK as at 31 March 2004 amounted to approximately HK\$6,983,000.0. Such acquisition of China Expert by the CE Purchasers from North 22 was a management buyout.

SUMMARY

Save that (a) Mr. Cheung had previously worked in Legend; (b) Mr. Wong had been appointed as an executive director of North 22 from May 2001 until his re-designation as a non-executive director of North 22 in April 2005 and his resignation as a non-executive director of North 22 in March 2012; (c) Mr. Chu, Mr. Mok and Mr. Cheung had been employees of a subsidiary of North 22; and (d) Mr. Chu, Mr. Mok, Mr. Cheung and Mr. Wong had been shareholders of North 22, there was no association (including previous employment relationship) of our Directors and our Controlling Shareholders with Legend, North 22 and their respective directors and controlling shareholders.

As part of the Reorganisation, on 9 November 2015, Expert BVI, a wholly-owned subsidiary of our Company, acquired 100.0% interest in Expert HK from China Expert so that Expert HK became a wholly-owned subsidiary of Expert BVI. The consideration for the acquisition was HK\$60,007,868.0, being the unaudited net asset value of Expert HK as at 31 March 2015.

COMPETITIVE STRENGTHS

We believe that our success is attributable to, among others, our following competitive strengths: (a) being the authorised resellers in Hong Kong and/or Macau for major manufacturer suppliers of hardware and/or software in the global market; (b) our established operating history and proven track record in the provision of IT infrastructure solutions; (c) our diverse and established customer base; (d) our experienced and stable senior management staff; and (e) our efficient sales model. Please refer to the paragraph headed “Our Competitive Strengths” in the section headed “Business” in this prospectus for more details.

BUSINESS STRATEGIES

Our business objective is to maintain our position as one of the preferred and trustworthy IT infrastructure solutions providers in Hong Kong.

We aim to adopt the following strategies to continue to expand our market share and strengthen our market position:

- expanding and training our sales, technical and support workforce
- expansion of our IT infrastructure solutions business
- strengthening our marketing efforts
- enhancing our management information systems

SUMMARY

FUTURE PLANS AND USE OF PROCEEDS

Based on the Placing Price of HK\$0.25 per Placing Share (being the mid-point of the indicative Placing Price range), we estimate that the net proceeds from the Placing (after deducting the underwriting fees and estimated expenses in connection with the Placing) will be approximately HK\$32.2 million. We intend to apply the net proceeds from the Placing as follows:

Purpose	Approximate amount HK\$ (in million)	% (approximately)
Expanding and training our sales, technical and support workforce	6.8	21.1
Expansion of our IT infrastructure solutions business	11.0	34.2
Strengthening our marketing efforts	6.0	18.6
Enhancement of management information systems	5.5	17.1
Working capital and general corporate purposes	<u>2.9</u>	<u>9.0</u>
Total	<u>32.2</u>	<u>100.0</u>

For details on how we intend to apply the net proceeds from the Placing, please refer to the paragraph headed “Use of Proceeds” in the section headed “Future Plans and Use of Proceeds” in this prospectus.

SUMMARY

SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

Key Income Statement Information

The following table summarises our audited combined results for the Track Record Period prepared on the basis adopted in the audited financial statements as set out in the Accountant's Report of our Group contained in Appendix I to this prospectus.

	For the year ended 31 March				For the six months ended 30 September			
	2014		2015		2014		2015	
	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue	HK\$'000	% of revenue
	(approximately)		(approximately)		(unaudited)	(approximately)	(approximately)	
Revenue	274,789	—	317,002	—	152,980	—	141,301	—
Cost of sales	<u>(241,005)</u>	87.7	<u>(272,777)</u>	86.0	<u>(131,765)</u>	86.1	<u>(118,612)</u>	84.0
Gross profit	33,784	12.3	44,225	14.0	21,215	13.9	22,689	16.1
Other income and gains	981	0.4	2,439	0.8	1,152	0.8	538	0.4
Selling expenses	(18,220)	6.7	(21,749)	6.8	(10,668)	6.9	(11,587)	8.3
Administrative expenses	<u>(7,012)</u>	2.5	<u>(6,553)</u>	2.1	<u>(3,347)</u>	2.1	<u>(5,290)</u>	3.8
Profit before income tax								
expense	9,533	3.5	18,362	5.8	8,352	5.5	6,350*	4.5
Income tax expense	<u>(1,568)</u>	0.6	<u>(2,763)</u>	0.9	<u>(1,381)</u>	0.9	<u>(1,196)</u>	0.8
Profit and total								
comprehensive income								
for the year/period	<u>7,965</u>	2.9	<u>15,599</u>	4.9	<u>6,971</u>	4.6	<u>5,154*</u>	3.6

* Before deducting the Listing-related expenses of approximately HK\$0.9 million incurred for the six months ended 30 September 2015, our profit before income tax expense and profit for the period would amount to approximately HK\$7.2 million and approximately HK\$6.0 million, respectively.

SUMMARY

Key Balance Sheet Information

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
Non-current assets			
Property, plant and equipment	484	452	430
Finance lease receivables	—	—	52
Trade receivables	2,645	1,322	1,833
	<u>3,129</u>	<u>1,774</u>	<u>2,315</u>
Current assets			
Inventories	2,165	2,700	1,994
Trade receivables	33,939	53,734	44,302
Prepayments, deposits and other receivables	5,044	5,144	6,302
Amount due from a related company	770	—	—
Held-to-maturity investments	3,093	—	—
Finance lease receivables	—	—	14
Pledged bank deposits	9,700	4,200	4,200
Cash and cash equivalents	59,205	87,225	67,979
	<u>113,916</u>	<u>153,003</u>	<u>124,791</u>
Current liabilities			
Trade payables	53,490	72,184	53,153
Accruals, deposits received and other payables	12,979	14,020	12,220
Amounts due to related companies	8	5,327	529
Tax payables	34	1,603	2,407
	<u>66,511</u>	<u>93,134</u>	<u>68,309</u>
Net current assets	47,405	59,869	56,482
Total assets less current liabilities	50,534	61,643	58,797
Non-current liabilities			
Other payables	556	556	556
Net assets	<u>49,978</u>	<u>61,087</u>	<u>58,241</u>
EQUITY			
Share capital	8,024	8,024	8,024
Reserves	41,954	53,063	50,217
	<u>49,978</u>	<u>61,087</u>	<u>58,241</u>

SUMMARY

Selected cash flow items

	For the year ended 31 March		For the six months ended 30 September	
	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Net cash (used in)/generated from operating activities	(812)	19,415	(12,120)	(5,566)
Net cash generated from investing activities	794	9,055	8,863	293
Net cash used in financing activities	<u>(5,349)</u>	<u>(450)</u>	<u>(4,454)</u>	<u>(13,973)</u>
Net (decrease)/increase in cash and cash equivalents	(5,367)	28,020	(7,711)	(19,246)
Cash and cash equivalents at beginning of the year/period	<u>64,572</u>	<u>59,205</u>	<u>59,205</u>	<u>87,225</u>
Cash and cash equivalents at end of the year/period	<u>59,205</u>	<u>87,225</u>	<u>51,494</u>	<u>67,979</u>

We recorded net cash outflow from operating activities of approximately HK\$5.6 million for the six months ended 30 September 2015. Whilst we were able to generate positive operating cash flow before working capital changes of approximately HK\$6.2 million, this was offset by net working capital outflow of approximately HK\$11.3 million. Our net working capital outflow during the six months ended 30 September 2015 was mainly attributable to the net effect of (a) decrease in trade payables of approximately HK\$19.0 million; and (b) decrease in trade receivables of approximately HK\$8.8 million. For the year ended 31 March 2014, we had modest net cash outflow for operating activities of approximately HK\$0.8 million. This was the result of positive operating cash flows before working capital changes of approximately HK\$9.7 million, offset by net working capital outflow of approximately HK\$8.0 million and income tax paid of approximately HK\$2.5 million. Our net working capital outflow for the year ended 31 March 2014 was mainly attributable to the effect of (a) decrease in trade payables of approximately HK\$5.6 million; and (b) increase in trade receivables of approximately HK\$1.4 million.

SUMMARY

Key Operating Indicators

The following table shows a breakdown of our revenue and gross profit generated from our provision of IT solutions by our customers' industry sector during the Track Record Period:

	Year ended 31 March		Six months ended 30 September	
	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue				
Private sector	145,309	169,028	86,061	74,732
Public sector				
— Government	57,484	61,313	22,380	24,744
— Education and NGO	<u>71,996</u>	<u>86,661</u>	<u>44,539</u>	<u>41,825</u>
Sub-total	<u>129,480</u>	<u>147,974</u>	<u>66,919</u>	<u>66,569</u>
	<u>274,789</u>	<u>317,002</u>	<u>152,980</u>	<u>141,301</u>
Gross profit				
Private sector	20,079	26,986	13,663	12,638
Public sector				
— Government	6,832	8,347	2,823	4,004
— Education and NGO	<u>6,873</u>	<u>8,892</u>	<u>4,729</u>	<u>6,047</u>
Sub-total	<u>13,705</u>	<u>17,239</u>	<u>7,552</u>	<u>10,051</u>
	<u>33,784</u>	<u>44,225</u>	<u>21,215</u>	<u>22,689</u>
Profit margins:				
Gross profit margin (%)	12.3	14.0	13.9	16.1
Net profit margin (%)	2.9	4.9	4.6	3.6*

* Before deducting the Listing-related expenses of approximately HK\$0.9 million incurred for the six months ended 30 September 2015, our net profit margin for the period would be approximately 4.3%.

Our gross profit margin for each of the private sector and public sector increased in the year ended 31 March 2015 and the six months ended 30 September 2015. The increase in overall gross profit margin in the respective periods was mainly due to our ability in obtaining more favourable terms from our suppliers and in negotiating more favourable pricing terms with our customers in both the private and public sectors during the relevant periods.

SUMMARY

For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, we had average trade receivables turnover days of approximately 48.1 days, 52.8 days and 65.2 days, respectively. Our average trade receivables turnover days during the Track Record Period was longer than the credit period of seven to 30 days we granted to our customers, which was mainly because some large customers took a longer time to settle the amounts due to us.

Please refer to the section headed “Financial Information” in this prospectus for further information.

Key Financial Ratios

The following table sets out our key financial ratios for the years/period or as at the dates indicated.

	Year ended/as at 31 March		Period ended/ as at
	2014	2015	30 September 2015
Return on equity	15.9%	25.5%	17.7% ^{Note}
Return on total assets	6.8%	10.1%	8.1% ^{Note}
Current ratio	1.7	1.6	1.8
Net debt to equity ratio	N/A	N/A	N/A
Gearing ratio	N/A	N/A	N/A

Note: on an annualised basis

Please refer to the section headed “Financial Information” in this prospectus for further information.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Based on the unaudited management accounts, we recorded a moderate decrease in revenue and gross profit but recorded a stable gross profit margin for the four months ended 31 January 2016, which led to a decrease in net profit (before deducting the Listing-related expenses), as compared to the four months ended 31 January 2015. Despite the forecasted year-on-year growth rate of 5.8% on the total IT expenditure in Hong Kong in 2016 as disclosed under the paragraph headed “Total IT expenditure in Hong Kong” under the “Industry Overview” section in this prospectus, we recorded a decrease in revenue during the four months ended 31 January 2016 as we have a small market share in the IT industry of Hong Kong and we are not a dominant player in the industry and thus our performance is more likely to be affected by our customers’ demand rather than the overall industry trend. Our decrease in revenue during the four months ended 31 January 2016, as compared to the four months ended 31 January 2015, was mainly due to the decrease in demand for IT infrastructure solutions from our customers in the public sector as we were able to secure two major projects from two Hong Kong education institutions in the total amount of approximately HK\$13.2 million for the four months ended 31 January 2015, which was not recurring. It is also noted that although the total IT expenditure in Hong Kong in 2016 is expected to increase as compared to 2015, the forecasted year-on-year growth rate in 2016 of approximately 5.8% in total IT expenditure in Hong Kong is lower than the estimated year-on-year growth rate of approximately 9.4% in 2015. This indicates the growth in demand for IT expenditures in Hong Kong is slowing down.

SUMMARY

To the best knowledge of our Directors, the profit margin for the IT infrastructure solutions in the private sector is generally higher than that in the public sector, which has been the case for our Group during the Track Record Period. However, we recorded a lower gross profit margin for the private sector than that of the public sector for the four months ended 31 January 2016. This was mainly due to the decrease in gross profit margin for our customers in the private sector as a result of our efforts in maintaining our customer base in the private sector by offering more attractive prices in light of weaker demand from our customers. As customers in the private sector were facing more uncertain economic conditions, they would be more cautious to IT spending. Therefore, we needed to lower our pricing terms to maintain our customer base. However, we were able to maintain our pricing terms in general for our customers in the public sector as they are less price sensitive in nature to economic conditions as compared to the private sector. As we were able to achieve an increase in gross profit margin from our customers in the public sector (which was mainly due to that despite the decrease in revenue, we were able to maintain our pricing terms on one hand and on the other hand had lower unit cost of IT hardware and software as a result of more favourable terms from our suppliers in view of our satisfactory sales performance for the year ended 31 March 2015), we maintained a stable gross profit margin. Since the second half for the year ending 31 March 2016, we faced weaker market conditions mainly as a result of slow down in the growth of the PRC economy, the possible further increase in interest rate by the US Federal Reserve, continued fall in retail sales, stock market volatility and uncertain property market in Hong Kong. We consider that such weak market outlook may have adverse impact on the overall demand for the IT infrastructure solutions and may reduce our business volume and exert pressure on the pricing terms of our products, hence reducing our profit margin. As most of our operating expenses are fixed in nature, possible increase in compliance cost after the Listing and the lack of write back of payables and reverse of impairment loss of receivables of approximately HK\$1.5 million recorded in the year ended 31 March 2015, the possible decrease in our net profit due to the possible decrease in our revenue may be more than the possible decrease in our gross profit for the year ending 31 March 2016. As such, our business and results of our operations for the year ending 31 March 2016 may be adversely affected. We also expect to record a loss in the financial year ending 31 March 2016 mainly as a result of the recognition of Listing-related expenses.

Save for the above and the impact of the Listing-related expenses as disclosed below, our Directors confirm that, there has been no material adverse change in the financial or trading position or prospects of our Group, and there is no event which would materially affect the information shown in the Accountant's Report of our Group as set out in Appendix I to this prospectus since 30 September 2015, being the date to which the latest audited combined financial statements of our Group were made up, and up to the date of this prospectus.

LISTING-RELATED EXPENSES

Our financial results for the year ending 31 March 2016 will be affected by the non-recurring expenses in relation to the Listing. The estimated total expenses in relation to the Listing to be borne by us is approximately HK\$17.8 million (assuming the Placing Price of HK\$0.25 per Placing Share, being the mid-point of the proposed Placing Price range), of which (a) approximately HK\$5.6 million is directly attributable to the issue of new Shares to the public and is to be accounted for as a deduction from equity; and (b) approximately HK\$12.2 million has been or will be charged to our Group's profit and loss account prior to or up to completion of the Listing.

For the six months ended 30 September 2015, we have incurred Listing-related expenses of approximately HK\$0.9 million. Our Board wishes to inform our Shareholders and potential investors that our Group's financial performance for the year ending 31 March 2016 will be materially and

SUMMARY

adversely affected by the aforementioned expenses, together with the expenses to be recognised in our Group's profit and loss in relation to the Listing, which, in aggregate, are estimated to amount to approximately HK\$12.2 million.

SHAREHOLDERS INFORMATION

Our Controlling Shareholders, being Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung and Mr. Wong, are regarded as a group of Controlling Shareholders. Immediately upon completion of the Capitalisation Issue and the Placing (without taking into account of any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme), our Controlling Shareholders together will be interested in a total of approximately 69.5% of the issued share capital of our Company. Please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus for details.

RISK FACTORS

We believe that there are certain risks involved in our operations, among which the relatively material risks include (a) the weak economic outlook may reduce the overall IT expenditure in the market and hence may adversely affect our financial performance for the year ending 31 March 2016; (b) we may not be able to keep pace with the rapid changes in IT technology and provide innovative solutions, services and products in response to rapidly evolving market demand; (c) our results of operations and financial conditions are susceptible to changes in the political, economic and social conditions in Hong Kong; (d) our financial performance for the year ending 31 March 2016 will be adversely affected by the Listing-related expenses; (e) we operate in a highly competitive market and our competitors may have various advantages over us; (f) we may have difficulty in recruiting, training and retaining capable and experienced sales staff and highly skilled technical staff; (g) we may have difficulty in maintaining our top tier resellership rankings with our manufacturer suppliers; (h) there is no assurance that we will continue to be authorised resellers of our manufacturer suppliers; and (i) there is no assurance that we will continue to be an approved contractor of the Government for provision of server systems and personal computer equipment and related services. For detailed discussion of the risks, please refer to the section headed "Risk Factors" in this prospectus.

COMPETITIVE LANDSCAPE

The Hong Kong IT infrastructure solutions industry is highly competitive and fragmented, with no dominant player in the industry. In 2014, there were over 1,400 IT infrastructure solutions providers in Hong Kong, of which the majority of them were small companies.

According to Ipsos, barriers to entry of the IT infrastructure solutions industry in Hong Kong include unestablished reputation, lack of business relationship with renowned IT products suppliers and lack of skilled IT talents.

Please refer to the paragraph headed "Competitive Analysis of the IT Infrastructure Solutions Industry in Hong Kong" in the section headed "Industry Overview" in this prospectus for details.

SUMMARY

DIVIDEND POLICY

Dividends paid by our Group for each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015 were approximately HK\$5.2 million, HK\$4.5 million and HK\$8.0 million, respectively. Other than the payment of dividends of HK\$25.0 million in November 2015, we have not declared or paid any dividends since November 2015 and up to the Latest Practicable Date. Our Group currently does not have a fixed dividend policy. Dividends to be declared and paid in the future will be subject to our Directors' discretion and will depend on our financial conditions, results of operations, cash availability, statutory and regulatory restrictions in relation thereto, future prospects, and any other factors that our Directors may consider relevant. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the relevant laws.

PLACING STATISTICS

	Based on the indicative Placing Price of HK\$0.2 per Share	Based on the indicative Placing Price of HK\$0.3 per Share
Number of Placing Shares	200,000,000	200,000,000
Board lot	10,000	10,000
Market capitalisation (<i>Note 1</i>)	HK\$160.0 million	HK\$240.0 million
Unaudited pro forma adjusted combined net tangible assets attributable to the owners of our Company per Share (<i>Note 2</i>)	HK\$0.10	HK\$0.13

Notes:

1. The calculation of market capitalisation at the Placing Price is based on 800,000,000 Shares expected to be in issue immediately upon completion of the Capitalisation Issue and the Placing (without taking into account of any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme).
2. The unaudited pro forma adjusted combined net tangible assets per Share is based on the combined net tangible assets attributable to owners of our Company, estimated net proceeds from the Placing after deduction of the Listing-related expenses to be incurred by our Group, and 800,000,000 Shares expected to be in issue immediately upon completion of the Capitalisation Issue and the Placing (without taking into account of any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme or any shares which may be allotted, issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares), as if the Placing had taken place on 30 September 2015. The unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company does not take into account the dividends of HK\$25.0 million declared by our Group to the then equity owners on 30 October 2015. Had the dividends been taken into account, the unaudited pro forma adjusted combined net tangible assets per Share would be HK\$0.07 (assuming a Placing Price of HK\$0.2 per Share) and HK\$0.10 (assuming a Placing Price of HK\$0.3 per Share), respectively.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:

“Articles” or “Articles of Association”	the articles of association of our Company, as adopted on 15 March 2016 and as amended from time to time
“associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“business day(s)”	any day(s) (excluding Saturday(s), Sunday(s) and public holidays) in Hong Kong on which licensed banks in Hong Kong are open for banking business through their normal business hours
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate, a method of assessing the average growth of a value over time
“Capitalisation Issue”	the issue of 590,000,000 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the paragraph headed “5. Resolutions in writing of our Shareholders passed on 15 March 2016” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CE Purchasers”	the Controlling Shareholders (other than Mr. Wong) and Ms. Wong
“China Expert”	China Expert Systems Limited, a company incorporated in the BVI on 6 September 2001 with limited liability and is owned as to 40.0% by Mr. Chu, 17.5% by Mr. Cheung, 17.5% by Mr. Mok, 10.0% by Mr. Lau, 10.0% by Mr. Wong and 5.0% by Ms. Wong, and an associate of our Controlling Shareholders

DEFINITIONS

“close associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time
“Company”, “we” or “us”	Expert Systems Holdings Limited (思博系統控股有限公司), a company incorporated in the Cayman Islands on 18 September 2015 as an exempted company with limited liability and registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules and unless the context requires otherwise, for the purpose of our Company, refers to Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung and Mr. Wong as a group of persons where the context requires
“core connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of our Company
“education institutions”	tertiary education institutions and secondary and primary schools in Hong Kong
“Expert BVI”	Expert Systems Group Limited (思博系統集團有限公司), a company incorporated in the BVI with limited liability on 24 September 2015 and a direct wholly-owned subsidiary of our Company
“Expert HK”	Expert Systems Limited (思博系統有限公司) (whose name on the date of incorporation was “Expert System Company Limited (顯良有限公司)”, which was subsequently changed to “Expert System Company Limited (顯良系統有限公司)” in November 1987, “Legend Expert Systems Limited (聯想專業系統有限公司)” in September 1998 and “Expert Systems Limited (思博專業系統有限公司)” in March 2001), a company incorporated in Hong Kong with limited liability on 10 September 1985 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Expert Macau”	Expert Systems (Macau) Limited (思博系統(澳門)有限公司) (Companhia de Sistemas Expert (Macau) Limitada) (formerly known as “Expert Systems (Macau) Limited (思博專業系統(澳門)有限公司) (Companhia de Sistemas Expert (Macau) Limitada)”), a company incorporated in Macau with limited liability on 27 July 2006 and an indirect wholly-owned subsidiary of our Company
“Framework IT Support Agreement”	the framework IT support agreement dated 1 March 2016 and entered into between our Company and ServiceOne Global, details of which are set out in the section headed “Connected Transactions” in this prospectus
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM as amended, supplemented and/or otherwise modified from time to time
“Government”	the government of Hong Kong, including various government departments and statutory bodies
“Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were our Company’s subsidiaries at the relevant time, or the businesses acquired or operated by them or (as the case may be) their predecessors
“HK\$” or “HK dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong
“HK Legal Advisers”	Leung & Lau, Solicitors, the legal advisers to our Company as to Hong Kong law
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“Hong Kong”, “HKSAR” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Office”	the office of our Group in Hong Kong, which is situated at 17/F., AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong
“Independent Third Party(ies)”	person(s) or company(ies) which is or are independent of and not connected with any of the connected persons (including directors, chief executives or substantial shareholders) (as defined under the GEM Listing Rules) of our Company or any of our subsidiaries or any of their respective associates

DEFINITIONS

“Inland Revenue Ordinance”	the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time
“Internal Control Consultant”	the internal control consultant engaged by our Company to review our internal control systems, an Independent Third Party
“Ipsos”	Ipsos Limited, an industry expert engaged by our Company to prepare the Ipsos Report and an Independent Third Party
“Ipsos Report”	an industry report prepared by Ipsos which was commissioned by us in relation to, among other things, the IT infrastructure solutions industry in Hong Kong
“IRD”	the Inland Revenue Department of Hong Kong
“Issuing Mandate”	the general unconditional mandate given to our Directors by our Shareholders relating to the issue of new Shares, particulars of which are set out in the paragraph headed “5. Resolutions in writing of our Shareholders passed on 15 March 2016” in Appendix IV to this prospectus
“Joint Bookrunners” and “Joint Lead Managers”	BOSC International Company Limited and Aristo Securities Limited acting as joint bookrunners and joint lead managers
“Latest Practicable Date”	21 March 2016, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information in this prospectus
“Legal Counsel”	Mr. Gary C.C. Leung, barrister-at-law in Hong Kong
“Legend”	Legend Holdings Limited (香港聯想控股有限公司) (which subsequently changed the name to “Legend Holdings Limited (聯想集團有限公司)” in January 1998, “Legend Group Limited (聯想集團有限公司)” in March 2002 and “Lenovo Group Limited (聯想集團有限公司)” in April 2004), a company incorporated in Hong Kong and listed on the Main Board of the Stock Exchange (Stock code: 992)
“Listing”	the proposed listing of the Shares on GEM
“Listing Date”	the date on which dealings in our Shares first commence on the GEM
“Macau”	the Macau Special Administrative Region of the PRC
“Macau Legal Advisers”	Rato, Ling, Lei & Cortés — Advogados, the legal advisers to our Company as to Macau law
“Memorandum”	the memorandum of association of our Company adopted on 15 March 2016, as amended from time to time

DEFINITIONS

“MOP” or “Pataca(s)”	Macau Pataca(s), the lawful currency of Macau
“Mr. Au”	Mr. Au Yu Chiu Steven (區裕釗), one of our independent non-executive Directors
“Mr. Chan”	Mr. Chan Kin Mei Stanley (陳健美), one of our non-executive Directors and our existing Shareholders
“Mr. Cheung”	Mr. Cheung Nap Kai (張立基), one of our non-executive Directors and our Controlling Shareholders
“Mr. Chu”	Mr. Chu Siu Sum Alex (朱兆深), one of our non-executive Directors and our Controlling Shareholders
“Mr. Chung”	Mr. Chung Fuk Wing Danny (鍾福榮), one of our independent non-executive Directors
“Mr. Ko”	Mr. Ko Man Fu (高文富), one of our independent non-executive Directors
“Mr. Lau”	Mr. Lau Wai Kwok (劉偉國), our chief executive officer, one of our executive Directors and our Controlling Shareholders
“Mr. Mak”	Mr. Mak Wai Sing (麥偉成), one of our independent non-executive Directors
“Mr. Mok”	Mr. Mok Chu Leung Terry (莫柱良), one of our non-executive Directors and our Controlling Shareholders
“Mr. So”	Mr. So Cheuk Wah Benton (蘇卓華), one of our executive Directors and the senior sales manager of the outside sales department of our Group
“Mr. Wong”	Mr. Wong Chu Kee Daniel (黃主琦), our chairman, one of our non-executive Directors and our Controlling Shareholders
“Ms. Lai”	Ms. Lai Yuk Ling (黎玉玲), a Shareholder who held approximately 0.6% of the issued share capital of our Company immediately upon completion of the Capitalisation Issue and the Placing. Other than her shareholding in our Company, Ms. Lai is an Independent Third Party
“Ms. Lau”	Ms. Lau Tsz Yan (劉紫茵), one of our executive Directors and the general sales manager of the outside sales department of our Group
“Ms. Wong”	Ms. Wong Siu Ying (王小瑩), a Shareholder who held approximately 4.1% of the issued share capital of our Company immediately upon completion of the Capitalisation Issue and the Placing. Other than her shareholding in our Company, Ms. Wong is an Independent Third Party

DEFINITIONS

“North 22”	North 22 Technology Services Group Limited (which subsequently changed its name to “Netelusion Limited” in February 2005 and “The Style Merchants Limited” in May 2010), a company incorporated in Bermuda and which was listed on the Singapore Exchange Limited from 2000 to 2012
“NGO(s)”	non-governmental and non-profitable organisation(s)
“Placing”	the conditional placing of the Placing Shares to selected individuals, institutional and professional investors in Hong Kong subject to the terms of the Underwriting Agreement, as further described in the section headed “Structure and Conditions of the Placing” in this prospectus
“Placing Price”	the placing price for each Placing Share (exclusive of any brokerage fee, SFC transaction levy and Stock Exchange trading fee), which is currently expected to be not more than HK\$0.3 per Placing Share and not less than HK\$0.2 per Placing Share, such price to be determined on or before the Price Determination Date
“Placing Share(s)”	the 200,000,000 new Shares being offered by our Company for subscription at the Placing Price under the Placing
“PRC” or “China”	the People’s Republic of China, save that, for the purpose of this prospectus and unless the context otherwise requires, references in this prospectus to the PRC do not include Hong Kong, Macau and Taiwan
“Predecessor Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force before 3 March 2014
“Price Determination Date”	Wednesday, 6 April 2016, being the date on which the Placing Price will be fixed for the purpose of the Placing
“RMB”	Renminbi, the lawful currency of the PRC
“Reorganisation”	the reorganisation arrangements undertaken by our Group in preparation for the Listing, which are described in more detail in the section headed “History, Reorganisation and Group Structure” in this prospectus
“Repurchase Mandate”	the general unconditional mandate to repurchase Shares given to our Directors by our Shareholders, particulars of which are set out in the paragraph headed “5. Resolutions in writing of our Shareholders passed on 15 March 2016” in Appendix IV to this prospectus

DEFINITIONS

“ServiceOne Global”	ServiceOne Global Holdings Limited, a company incorporated in the BVI with limited liability on 28 September 2009 and is owned as to 30.0% by Getronics Finance Holdings B.V. and 70.0% by China Expert, and an associate of our Controlling Shareholders
“ServiceOne Group” or “Excluded Group”	ServiceOne Global and its subsidiaries from time to time
“ServiceOne HK”	ServiceOne Limited (領先科技服務有限公司), a company incorporated in Hong Kong with limited liability on 5 February 1999 and is wholly-owned by ServiceOne Global, and an associate of our Controlling Shareholders
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 15 March 2016, the principal terms of which are summarised in the paragraph headed “D. Share Option Scheme” in Appendix IV to this prospectus
“Sponsor” or “Sole Sponsor”	BOSC International Company Limited, a corporation licensed by the SFC to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the sole sponsor of the Listing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Companies Ordinance
“substantial Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended, supplemented and/or otherwise modified from time to time
“Track Record Period”	the two financial years ended 31 March 2015 and the six months ended 30 September 2015
“Underwriters”	the underwriters of the Placing, whose names are set out in the paragraph headed “Underwriters” in the section headed “Underwriting” in this prospectus

DEFINITIONS

“Underwriting Agreement”	the conditional underwriting agreement dated 29 March 2016 entered into between, among others, our Company and the Underwriters relating to the Placing, particulars of which are set out in the section headed “Underwriting” in this prospectus
“US”	United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”, “USD” or “US dollar(s)”	United States dollars, the lawful currency of the United States of America
“%”	per cent

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

All times and dates refer to Hong Kong local times and dates unless otherwise stated.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms, definitions and abbreviations used in this prospectus in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meaning or usage of those terms.

“3G”	the third generation of cellular data technology
“big data management”	a process of collecting, organising and processing large sets of data for analytical purposes
“cloud” or “cloud computing”	an internet-based computing in which large groups of remote servers are networked to allow centralised data storage, and online access to computer services or resources; and usually in three different forms, namely public cloud, private cloud and hybrid cloud
“collaboration service”	service provided in relation to collaboration software, which enables the sharing, processing and management of files, documents and other data types among several users and/or systems. This type of software allows two or more remote users to jointly work on a task or project. Collaboration software is also known as collaborative software, online collaboration software and groupware
“database”	a structured and organised collection of information and data stored in computer systems that can be easily accessed, managed and updated
“directory service”	a shared information infrastructure for locating, managing, administering, and organising common items and network resources, which can include volumes, folders, files, printers, users, groups, devices, telephone numbers and other objects. A directory service is an important component of a network operating system
“e-mail service”	service provided in relation to the exchange of computer-stored messages by telecommunication
“enterprise mobility management”	a collective set of tools, technologies, processes and policies, probably in software form, used to manage and maintain the use of mobile devices within an organisation. It is an evolving organisational trend that deals with the business, as well as technological context, of the increasing trend of mobile and handheld device usage in routine business operations
“hardware”	physical aspect of computers, telecommunications, and other devices

GLOSSARY OF TECHNICAL TERMS

"high performance computing"	the use of super computers and parallel processing techniques for solving complex computational problems, with such technology focusing on the development of parallel processing algorithms and systems by incorporating both administration and parallel computational techniques and is typically used for solving advanced problems and performing research activities through computer modelling, simulation and analysis
"hybrid cloud"	an integrated cloud computing utilising both private and public clouds to perform distinct functions within the same organisation
"hyper-convergence"	a type of infrastructure system with a software-centric architecture that tightly integrates computing, storage, networking and virtualisation resources and other technologies from scratch in a commodity hardware box supported by a single vendor and it can be expanded by scaling-out technology
"information security"	the protection of information and information systems against unauthorised access or modification of information, whether in storage, processing, or transit, and against denial of service to authorised users. Information security includes those measures necessary to detect, document, and counter such threats. Information security is composed of computer security and communications security
"IT"	information technology
"IT infrastructure solutions"	the assessment, design and implementation and integration of hardware and/or software to satisfy any IT needs of customers
"micro-segmentation"	the division of data centre into smaller, more-protected zones such that instead of having a single, hardened perimeter defense with free traffic flow inside the perimeter, a micro-segmented data centre has security services provisioned at the perimeter, between application tiers, and even between devices within tiers
"network"	the linking of a number of devices, such as personal computers, printers and servers into a network (system) for the purpose of sharing resources and information
"network infrastructure"	the hardware and/or software resources of an entire network that enable network connectivity, communication, operations and management of an enterprise network. Network infrastructure provides the communication path and services between users, processes, applications, services and external networks/the Internet
"operating system"	a master control programme that manages and coordinates a computer's internal functions and provides a means of control to a computer's operations and file system

GLOSSARY OF TECHNICAL TERMS

“proof of concept”	a demonstration, the purpose of which is to verify that certain concepts or theories have the potential for real-world application. It is therefore a prototype that is designed to determine feasibility, but does not represent deliverables
“private cloud”	a type of cloud computing where IT services are provisioned over private IT infrastructure for the dedicated use of a single organisation
“public cloud”	a type of cloud computing in which a service provider makes resources, such as applications and storage, available to the general public over the Internet
“server”	a running instance of application software capable of accepting requests from the client and giving responses accordingly
“server virtualisation”	the partitioning of a physical server into smaller virtual servers to help maximise server resources. In server virtualisation the resources of the server itself are hidden, or masked, from users, and software is used to divide the physical server into multiple virtual environments, called virtual or private servers
“software”	any set of machine-readable instructions that directs a computer's processor to perform specific operations
“software-defined data centre”	a data centre where all infrastructure is virtualised and delivered as a service. Control of the data centre is fully automated by software, meaning hardware configuration is maintained through intelligent software systems. This is in contrast to traditional data centres where the infrastructure is typically defined by hardware and devices
“software-defined networking”	an umbrella term encompassing several kinds of network technology aimed at making the network as agile and flexible as the virtualised server and storage infrastructure of the modern data centre. The goal of software-defined networking is to allow network engineers and administrators to respond quickly to changing business requirements. In a software-defined network, a network administrator can shape traffic from a centralised control console without having to touch individual switches, and can deliver services to wherever they are needed in the network, without regard to what specific devices are connected to
“storage”	an electromagnetic device for storing data
“storage system”	a computer hardware consisting of computer components and recording media used to retain digital data

GLOSSARY OF TECHNICAL TERMS

“virtualisation”

the act of creating a virtual (rather than actual) version of something, including but not limited to a virtual computer hardware platform, operating system, storage device, or computer network resources

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- the business strategies and plans of operations;
- the capital expenditure plans;
- the amount and nature of, and potential for, future development of our Group's business;
- the operations and business prospects;
- the dividend policy;
- the projects under planning;
- the regulatory environment of the relevant industry in general;
- the future development in relevant industry; and
- other factors referenced in this prospectus, including, without limitation, under the sections headed "Risk Factors", "Industry Overview", "Business", and "Financial Information" in this prospectus.

The words "anticipate", "believe", "could", "expect", "intend", "may", "plan", "project", "seek", "will", "would" and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflecting our Group's current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect.

Subject to the requirements of the GEM Listing Rules, our Company does not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

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

RISKS RELATING TO OUR GROUP

The weak economic outlook may reduce the overall IT expenditure in the market and hence may adversely affect our financial performance for the year ending 31 March 2016

Based on the unaudited management accounts, we recorded a moderate decrease in revenue and gross profit but recorded a stable gross profit margin for the four months ended 31 January 2016, which led to a decrease in net profit (before deducting the Listing-related expenses), as compared to the four months ended 31 January 2015. Our decrease in revenue during the four months ended 31 January 2016, as compared to the four months ended 31 January 2015, was mainly due to decrease in demand for IT infrastructure solutions from our customers in the public sector. For the four months ended 31 January 2016, we recorded a drop in gross profit margin for our customers in the private sector. However, as we were able to achieve an increase in gross profit margin for our customers in the public sector, we maintained a stable gross profit margin. For further details, please refer to the paragraph headed “Recent Development and No Material Adverse Change” in the section headed “Financial Information” in this prospectus. Since the second half for the year ending 31 March 2016, we faced weaker market conditions mainly as a result of slow down in the growth of the PRC economy, the possible further increase in interest rate by the US Federal Reserve, continued fall in retail sales, stock market volatility and uncertain property market in Hong Kong. We consider that such weak market outlook may have adverse impact on the overall demand for the IT infrastructure solutions and may reduce our business volume and exert pressure on the pricing terms of our products, hence reducing our profit margin. As most of our operating expenses are fixed in nature, possible increase in compliance cost after the Listing and the lack of write back of payables and reverse of impairment loss of receivables of approximately HK\$1.5 million recorded in the year ended 31 March 2015, the possible decrease in our net profit due to the possible decrease in our revenue may be more than the possible decrease in our gross profit for the year ending 31 March 2016. As such, our business and results of our operation for the year ending 31 March 2016 may be adversely affected.

Our success depends on our ability to keep pace with the rapid changes in IT technology and to provide innovative solutions, services and products in response to rapidly evolving market demand. Our failure to do so may have a material adverse impact on our business, financial conditions and result of operations

The IT infrastructure solutions industry is characterised by rapid technological improvements, evolving industry standards, changing customer preferences and frequent introduction of new solutions, services and products. Because of the continuing development and progress of IT technologies, preferences on IT infrastructure changed dramatically in the last few years and may continue to change rapidly in the future. We may fail to predict accurately future development trends, and such changes may deviate from our strengths, making our existing solutions and services obsolete or less relevant. Our brand image and reputation in the market and our future success will continue to depend on our ability to anticipate these changes accurately and to develop innovative solutions and services to meet our customers’ evolving needs. If we are unable to accurately predict

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market trends or adapt to evolving market demand, our ability to innovate and meet customer needs will suffer and our revenues and profitability as well as our reputation may be materially and adversely affected. Our failure to address these developments may also have a material adverse impact on our competitiveness and our ability to meet our growth targets.

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

Our business operation in Hong Kong is subject to economic, political and social developments in Hong Kong. Any unfavourable changes in political, economic or social conditions, in particular, the recent political crisis, could have led to social instability and adverse impacts on the economic and trading activities in Hong Kong. These could, in turn, affect demand for our Group's services, resulting in deteriorated financial performance of our Group.

For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, approximately 52.9%, 53.3% and 52.9% of our revenue, respectively, were generated from services rendered to the private sector (namely local and international business enterprises) and approximately 47.1%, 46.7% and 47.1% of our revenue, respectively, were generated from services rendered to the public sector (namely the Government, education institutions and NGOs).

Customers' expenditure on IT infrastructure, especially in the private sector, is largely affected by business growth potential and future outlook. Adverse changes in political, economic and social conditions in Hong Kong may lead to negative business sentiment and future prospect, thus causing business enterprises in the private sector to reduce spending on IT infrastructure. Such adverse changes may also cause delays in the tender awarding process of the Government, education institutions and NGOs and lead to decrease in their procurement. Accordingly, our business, financial condition and results of operation may be adversely affected.

Our financial performance for the year ending 31 March 2016 will be adversely affected by the Listing-related expenses

Our financial results for the year ending 31 March 2016 will be affected by the non-recurring expenses in relation to the Listing. The estimated total expenses in relation to the Listing to be borne by us is approximately HK\$17.8 million (assuming the Placing Price of HK\$0.25 per Placing Share, being the mid-point of the proposed Placing Price range), of which (a) approximately HK\$5.6 million is directly attributable to the issue of new Shares to the public and is to be accounted for as a deduction from equity; and (b) approximately HK\$12.2 million has been or will be charged to our Group's profit and loss account prior to or up to completion of the Listing. For the six months ended 30 September 2015, we have incurred Listing-related expenses of approximately HK\$0.9 million.

Our Directors would like to emphasise that the Listing-related expenses above are the current estimate and for reference only and the actual amount to be recognised as expense for the year ending 31 March 2016 is subject to adjustments based on audit and the then changes in variable and assumptions. Accordingly, our Shareholders and potential investors should be informed that the results of operations of our Group for the year ending 31 March 2016 will be materially and adversely affected by the expenses to be recognised in our Group's profit and loss in relation to the Listing, which are estimated to amount to approximately HK\$12.2 million.

RISK FACTORS

We operate in a highly competitive market, and our competitors may have various advantages, including the ability to draw upon a greater depth and breadth of resources than those available to us. Our failure to compete successfully in the market could have a material adverse effect on our business, financial conditions and results of operations

The IT infrastructure solutions industry in which we operate is highly competitive. In particular, there is intense pressure on technology and service providers to innovate, expand functionalities, upgrade and accelerate development of new solutions, services and products and reduce prices. We face competition from both domestic and international companies. Customers consider many factors when evaluating our solutions and services comparable to those of our competitors, including innovation, functionality, reliability, performance, compatibility, reputation, price and after-sales maintenance support. Relationships with current and potential customers and business track records are also important in winning bids and securing future engagements. We may not be able to compete effectively against our competitors in all respects. Some of our competitors may have longer operating history, better recognition, and superior financial, technical, marketing, distribution and support resources. They may also have track records in other related fields such as software development, IT application and after-sales services. As a result, these competitors may be able to deliver more innovative and comprehensive solutions, services or products, penetrate the market more effectively, respond more quickly to new technological trends and changes in market demand, devote more resources to the development, marketing and sale of their solutions, services and products, or price their solutions, services and products more competitively than us. Our failure to compete successfully in the market could have a material adverse effect on our business, financial condition and results of operations.

We may have difficulty in recruiting, training and retaining capable and experienced sales staff and highly skilled technical staff

Our ability to recruit, train and retain our capable and experienced sales and highly skilled technical staff is of great importance, as our business success depends heavily on the contribution of such staff. We cannot assure you that we will be able to retain those staff we currently employ since we cannot prevent them from terminating their respective contracts in accordance with the relevant agreed conditions nor can we prevent them from leaving and setting up business in competition with us. Further, in the event that we need to replace any of our current sales and technical staff or make additional hire to expand our workforce, we cannot assure you that we will be able to successfully attract and train competent and experienced sales staff and highly skilled technical staff as the number of such eligible staff is fairly limited in the market, especially those with experience in IT infrastructure solutions. Accordingly, any significant increase in the turnover rate of our sales and technical staff, coupled with our inability to recruit eligible staff for replacement expeditiously, may cause a shortfall in our workforce and have a material adverse impact on our business and operations.

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

Our operating performance, growth and success depend, to a significant extent, on the contributions, experiences, continued services and performance of our key executives and senior management, in particular, Mr. Lau, our chief executive officer and an executive Director. Mr. Lau, Ms. Lau and Mr. So, together with members of our senior management, have been with us for more than 10 years. There is no assurance that these key executives and members of senior management will

RISK FACTORS

not voluntarily terminate their employment with us. As we operate in a highly competitive industry, the loss of any such key personnels without a timely and suitable replacement could be detrimental to our business and operations.

Furthermore, our Directors are of the view that our key executives and members of our senior management have in-depth knowledge of our operations and extensive experience in the IT infrastructure solutions industry. These key personnels have also helped to build and maintain our strong business relationships with our customers and our suppliers. As such, the loss of any of such key personnels could affect the confidence of our customers and suppliers in us, which may in turn adversely affect our business, financial conditions and operating performance.

Any increase in labour cost may adversely affect our financial results

For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, our staff cost amounted to approximately HK\$20.5 million, HK\$24.4 million and HK\$13.4 million, which accounted for approximately 7.5%, 7.7% and 9.5%, respectively, of our revenue and approximately 81.3%, 86.4% and 79.2%, respectively, of our operating expenses (being the sum of selling expenses and administrative expenses). The salaries of IT professionals in Hong Kong have increased in the last few years. Accordingly, we are susceptible to the increasing labour cost of Hong Kong IT professionals. Given that our projects are typically charged at fixed price, if there is any substantial increase in our staff cost, we may not be able to pass such rising staff cost onto our customers. This may have an adverse impact on our business operations and financial results.

We may have difficulty in maintaining our top tier resellership rankings with our manufacturer suppliers

We are the first-tier or second-tier authorised resellers in Hong Kong and/or Macau for many of our principal manufacturer suppliers which are major hardware and/or software manufacturers in the global market. In order to achieve first-tier or second-tier ranking, we are required to meet certain performance targets each year. Based on the unaudited management accounts, we recorded a moderate decrease in revenue and gross profit for the four months ended 31 January 2016 as compared to the four months ended 31 January 2015. Our decrease in revenue during the four months ended 31 January 2016 was mainly due to the decrease in demand for IT infrastructure solutions from our customers in the public sector. Due to the recent decrease in demand for IT infrastructure solutions, we may have difficulty in maintaining our top tier resellership rankings with our manufacturer suppliers.

In the event that we fail to maintain our top tier resellership with such manufacturer suppliers, the resources, support and favourable terms (such as lower unit cost of IT hardware and software and cash incentives which are set off against the cost of IT hardware and software) given by such manufacturer suppliers on an on-going basis may reduce and our cost of sales may increase. Accordingly, our business, results of operations and profitability may be adversely affected.

There is no assurance that we will continue to be authorised resellers of our manufacturer suppliers

Our suppliers include prominent international and local hardware and/or software manufacturers and distributors. We are the authorised resellers of most of our manufacturer suppliers in Hong Kong and/or Macau. These manufacturer suppliers are all major hardware and/or software manufacturers in the global market. Our working relationships with many of these manufacturer suppliers have lasted for more than 10 years. Through the resellership programmes with many of our manufacturer

RISK FACTORS

suppliers, we have been given various resources and support by these manufacturer suppliers such as direct access to the sales and technical teams of these manufacturer suppliers and opportunities to participate in the trainings and workshops offered by these manufacturer suppliers. We also receive incentives from these manufacturer suppliers for achieving certain performance targets. For details of the resellership programmes, please refer to the paragraph headed “Our Suppliers” in the section headed “Business” in this prospectus.

Our close collaboration with many of our manufacturer suppliers has strengthened our competitiveness and relationships with our customers by equipping us with advanced and extensive skills and knowledge essential to the provision of high quality and comprehensive IT infrastructure solutions to our customers. There is no assurance that we will continue to be authorised resellers of many of our manufacturer suppliers. In the event that we fail to renew our resellership with such manufacturer suppliers, our business, results of operations and profitability may be adversely affected.

There is no assurance that we will continue to be an approved contractor of the Government for provision of server systems and personal computer equipment and related services

Revenue derived from IT infrastructure solutions projects awarded by the Government comprised a considerable portion of our total revenue. For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, our revenue generated from Government projects represented approximately 20.9%, 19.4% and 17.5% of our total revenue, respectively. A significant number of the IT projects from the Government are awarded to contractors on the approved contractor list by way of tender. Our Group has been an approved contractor of the Government for supplying server systems and provision of related services since 2006 and for supplying personal computer equipment and provision of related services since 2007. The current contract with the Government for supplying server systems and provision of related services will end on 31 January 2019 and the current contract with the Government for supplying personal computer equipment and provision of related services will end on 31 December 2016.

There is no assurance that we will continue to be an approved contractor of the Government. In the event that we fail to secure business from the Government or there is a significant reduction of business from the Government in the future, our business, results of operations and profitability may be adversely affected.

Our IT infrastructure solutions are on project basis which creates uncertainty as to our future revenue streams

Our IT infrastructure solutions projects are identified through various means, including our sales and marketing activities, bidding in open tenders, invitations for bid, recurring customers and referrals. Our IT infrastructure solutions are conducted on a project-by-project basis, which is not recurrent in nature. Our customers may subsequently engage us in enhancement work or conducting upgrades for the IT infrastructure integrated by us in previous projects. Our customers may also engage us to deploy new IT infrastructure solutions after the retirement of outdated IT infrastructure or for new IT infrastructure solutions projects undertaken by them. However, there is no assurance that our customers will continue to provide us with new businesses after completion of projects.

Since our IT infrastructure solutions are on project basis, it creates uncertainty as to future revenue streams. In the event that we are unable to secure new engagements with our new customers or our existing customers do not continue to engage us for new businesses, our business and future revenue will likely be adversely affected.

RISK FACTORS

Our working capital and cash flow position may be adversely impacted if our customers significantly delay in payments or fail to settle payments

We generally grant a credit period of seven to 30 days to our customers. However, as at 31 March 2014, 2015 and 30 September 2015, we had, in aggregate, outstanding trade receivables aged more than three months of approximately HK\$8.4 million, HK\$19.7 million and HK\$12.2 million, respectively. Our collection of outstanding trade receivables may affect our cash flows from operating activities to a certain extent. For the year ended 31 March 2014 and the six months ended 30 September 2015, we recorded net cash outflow from operating activities of approximately HK\$0.8 million and HK\$5.6 million, respectively. For details, please refer to the paragraph headed “Net cash generated from/(used in) operating activities” in the section headed “Financial Information” in this prospectus.

There is no assurance that our Group will not experience periods of net cash outflow from operating activities in the future. If we cannot improve our collection of long outstanding trade receivables and/or our customers significantly delay or fail to pay us on a timely basis, our financial condition and results of operations may be adversely affected.

Concentration on a number of key suppliers may affect our operations. Our business and results of operations could be materially and adversely affected should there be any loss of key suppliers or disruption in their supply

Our suppliers include reputable international and local hardware and/or software manufacturers and their respective designated distributors. Due to the nature of the IT infrastructure solutions industry, each product or service may only be offered by a handful of manufacturers and/or their respective designated distributors. We rely on a limited number of suppliers to provide us with hardware and/or software necessary for our IT infrastructure solutions. During the Track Record Period, purchases from our suppliers comprised a substantial portion of our cost of sales. For each of the two years ended 31 March 2014 and 2015 and for the six months ended 30 September 2015, our five largest suppliers accounted for approximately 58.9%, 66.5% and 71.0% of our cost of sales, respectively.

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

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

Our solutions use various software, and such products may have coding defects or errors that may impair our customers’ ability to use our solutions. Similarly, the hardware we assemble for our customers in connection with our solutions may include design or manufacturing defects that could cause malfunctions. There may also be compatibility issues among the software and hardware we source from our suppliers and our customers’ existing IT infrastructure. There is no assurance that we would be able to detect and resolve all such defects and issues. We may also be subject to legal

RISK FACTORS

proceedings initiated by the aggrieved customers in respect of the product defects. In such event, we may need to incur additional cost to settle or defend these claims or legal actions, which could have material adverse effects on our reputation and financial conditions.

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

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

We outsource part of our implementation work and our maintenance work to sub-contractors. Any delay or defects in their work would adversely affect our operations and financial results

During our implementation of the IT infrastructure solutions projects, we outsource to our sub-contractors certain hardware installation and wiring work and certain specialised software implementation, configuration and/or customisation work. We also outsource maintenance work such as extended product warranties as required by some of our customers after the lapse of the original product warranties offered by our manufacturer suppliers to our suppliers or sub-contractors. For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, the cost of outsourcing services accounted for approximately 10.8%, 10.9% and 13.0%, respectively, of our cost of sales. For details of our reasons in respect of such outsourcing and our selection and control system over our sub-contractors, please refer to the paragraph headed "Outsourcing" in the section headed "Business" in this prospectus.

If our sub-contractor's performance fails to meet our requirements, the quality of our IT infrastructure solutions may be adversely affected, thereby damaging our business reputation, hindering our opportunity to secure future projects, and potentially exposing us to litigation and damages claims from our customers. In addition, our sub-contractors may not always be readily available when our needs for outsourcing arise. Notwithstanding our proven working relationships with our sub-contractors, there is no assurance that we would be able to maintain such relationships in the future. Since we have not entered into any long-term service agreement with our sub-contractors, they are not obliged to work for us on our future projects on similar terms and conditions. There is no assurance that we would be able to find alternative sub-contractors with the requisite knowledge, expertise, experience and capability that meet our project needs and work requirements and timely complete the projects in accordance with the project terms with competitive prices. If we are unable to engage such suitable alternative sub-contractors, our ability to complete projects on time and with effective cost could be impaired, thereby damaging our business reputation and adversely affecting our operations and financial results.

RISK FACTORS

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

We provide IT infrastructure solutions to our customers on project basis and the terms of such services normally require us to complete a project at a fixed price. In this connection, we estimate the time and cost needed for the implementation of these IT infrastructure solutions in order to determine the quotations to our customers.

The actual time taken and cost incurred by us in completing IT infrastructure solutions projects may be affected by various factors, including, among others, integration with third party suppliers' products, technical difficulties, documentation readiness and other unforeseeable problems and circumstances. Any one of these factors could cause delay in project completion or cost overruns. There is no assurance that the actual time taken and cost incurred would not exceed our estimation. We expect to continue bidding on fixed price projects, which increases the possibility of exposing us to cost overruns and resulting in lower profits or losses in a project.

Most of our IT infrastructure solutions projects are subject to specific completion schedules, and some of our customers are entitled to claim liquidated damages from us if we do not meet the schedules. Liquidated damages are typically limited to the total fees we charge for the projects. Failure to meet the schedules of the projects may result in liquidated damages claims, other liabilities and disputes with our customers or even termination of relevant projects.

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

We may face difficulties in seeking full payment of fee upon termination of projects

The terms of each IT infrastructure solutions project are normally negotiated between our customers and us, save for those which are secured by way of tender, the terms of which are usually governed by the tender documents prepared by our customers and are typically not subject to any negotiation. Notwithstanding the foregoing, the terms of our projects are typically determined on a case-by-case basis with reference to the specific circumstances of each project. It is the current approach of our Group to bill our customers either upon completion of the service test or user acceptance test (as the case may be), or in three instalments, namely before placing of orders, upon delivery of products or implementation of solutions, and upon completion of the project. Please refer to the paragraph headed "Payment and credit control" in the section headed "Business" in this prospectus. A credit term of seven to 30 days is normally granted to our customers.

If the underlying projects cannot be carried through to completion, or the performance of our services are not satisfactory from our customers' view, we may have difficulties in seeking full payment from our customers notwithstanding the terms of the projects. We had provision for impairment of trade receivables of HK\$602,000.0, HK\$14,000.0 and HK\$88,000.0 as at 31 March 2014, 31 March 2015 and 30 September 2015, respectively. For details regarding our provision for impairment of trade receivables, please refer to the paragraph headed "Trade receivables" in the section headed "Financial Information" in this prospectus.

In the event that (a) the projects are terminated early, or (b) our customers are unwilling or unable to settle the outstanding trade receivables, we may experience bad or doubtful debts and our revenue, profitability and cash flow may be adversely affected.

RISK FACTORS

We are exposed to potential liabilities for damages caused by our negligent acts or omissions in our services

Although our IT infrastructure solutions normally run through service test or user acceptance test (as the case may be) before final launch, there is no assurance that all the bugs, errors or flaws in our solutions have been detected and corrected. Some of our IT infrastructure solutions projects require us to indemnify our customers from any claim, loss and damages, attributable to our negligent acts or omissions, resulting in any loss to property, infringement of intellectual property right, or leakage of confidential information.

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

There is a risk that we may infringe the intellectual property rights of others, including our customers. In addition, a number of open source software and third party software may have been used in the development, deployment, testing, operation or during the course of our services. Therefore, we may have to obtain licenses for the use of such open source software and third parties' software and comply with the terms and restrictions therein.

There can be no assurance that we will not be claimed against or alleged to have used any of our customers' or third party's source codes or software or for breaching any terms and restrictions under any license or other obligations. The defence against any of those claims could be costly, time consuming and may divert the attention of our management from operating our business. An adverse determination in any such litigation or proceedings to which we may become a party could subject us to significant liability to third parties, require us to seek licenses from third parties, pay ongoing royalties or redesign our solutions and services, or subject us to injunctions prohibiting the sale of our solutions and services. To the extent that licenses are not available to us on commercially reasonable terms or at all, sale of our solutions maybe delayed or suspended, or we may be forced to develop or deploy our solutions with reduced functionalities. Protracted litigation could also result in our customers or potential customers deferring, reducing or cancelling their purchases of our solutions. If we become liable to third parties for infringing their intellectual property rights, we may be required to pay substantial damages, incur additional expenditures to develop or deploy non-infringing alternatives or to obtain license that contain the infringing properties.

Further details on the measures which we have adopted to ensure no infringement of intellectual property rights of others are set out in the paragraph headed "Protection against infringement of intellectual property rights" in the section headed "Business" in this prospectus.

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

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

RISK FACTORS

business operations. Further details on the measures which we have adopted to prevent leakage or misappropriation of confidential information handled by us are set out in the paragraph headed “Confidentiality” in the section headed “Business” in this prospectus.

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

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

We may not be adequately insured against losses and liabilities arising from our operations

We face various operational risks in connection with our business. However, our Group has not insured against risks associated with our services as it is not common industry practice to do so. Any losses and liabilities for which our Group is not insured to cover the entire liability may have a material adverse effect on our business, financial conditions and results of operations.

We currently do not own the properties on which we carry out our business and we are exposed to the risks associated with rental fluctuations

Rent and rates and building management fees accounted for approximately 0.7%, 0.7% and 0.8% of our total revenue, respectively, or approximately 7.7%, 7.4% and 6.4% of our operating expenses (being the sum of selling expenses and administrative expenses), respectively, for each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015. As at the Latest Practicable Date, the properties occupied by our Hong Kong Office and warehouse were leased from the Independent Third Parties. The term of the tenancy agreement for our Hong Kong Office is three years expiring on 30 November 2017. The term of the tenancy agreement for our warehouse is three years expiring on 31 October 2018. Accordingly, we are susceptible to rental fluctuations from time to time. In the event that there is any significant increase in the rental cost for our existing leased properties, our administrative expenses and pressure on our operating cash flows would increase, thereby adversely affecting our financial results and profitability.

In addition, there is no assurance that we will successfully renew the tenancy agreements for the relevant premises on commercially acceptable terms, or at all. There is also no assurance that such tenancy agreements will not be terminated before their expiration. Termination of our tenancy agreements may occur beyond our control. In such cases, we may need to relocate to another location, and additional cost would be incurred, adversely affecting our results of operations.

RISK FACTORS

We do not maintain any hedging policy or engage in any hedging activity to protect us against currency fluctuations

We place our surplus cash in foreign currency term deposits from time to time to earn higher interest income. The value of Hong Kong dollars against other currencies fluctuates and is affected by, among others, the United States dollars and changes in international policies and economic conditions. Since we do not maintain any hedging policy or engage in any hedging activity to protect us against currency fluctuations, if there are any significant fluctuations in the exchange rates of Hong Kong dollars against other currencies, our financial results and profitability could be affected.

RISKS RELATING TO OUR INDUSTRY

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

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

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

The market for IT infrastructure solutions is highly competitive. There is a large supply of IT infrastructure solutions in the market which are similar to those offered by us. Further, we compete with both local and international service providers. This intense competition may result in competitive pricing, which may have an adverse impact on our operating performance and profitability.

RISKS RELATING TO THE PLACING AND THE SHARES

There has been no prior public market for the Shares

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

Prior to the Placing, there was no public market for our Shares. The Placing Price was the result of negotiations between us and the Joint Lead Managers (for themselves and on behalf of the Underwriters), and the Placing Price may differ significantly from the market price for the Shares following the Placing.

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

RISK FACTORS

The liquidity and market price of our Shares following the Placing may be volatile

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

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

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

Historical dividends do not guarantee future dividends

Dividends paid by our Group for each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015 were approximately HK\$5.2 million, HK\$4.5 million and HK\$8.0 million, respectively. Other than the payment of dividends of HK\$25.0 million in November 2015, we have not declared or paid any dividend since November 2015 and up to the Latest Practicable Date.

Our Group currently does not have a fixed dividend policy. Dividends to be declared and paid in the future will be subject to our Directors' discretion and will depend on our financial conditions, results of operations, cash availability, statutory and regulatory restrictions in relation thereto, future prospects, and any other factors that our Directors may consider relevant. Accordingly, the historical dividends of our Group should not be treated as an indication of the future dividend policy of our Group. Further details on the dividend policy of our Group are set out in the paragraph headed "Dividend Policy" in the section headed "Financial Information" in this prospectus.

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

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

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

Upon completion of the Capitalisation Issue and the Placing (without taking into account of any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme), our Controlling Shareholders will own, in aggregate, approximately 69.5% of the Shares in issue. There are certain corporate actions of our Company which are subject to

RISK FACTORS

approval of our Shareholders (for example, certain notifiable transactions under Chapter 20 of the GEM Listing Rules, appointment or removal of Directors, certain fund raising exercise, etc.). If such actions are only subject to the passing of ordinary resolutions of our Shareholders at the relevant general meetings, pursuant to the Articles, the resolutions approving such actions would be passed if there is a simple majority (i.e. over 50.0%) of the votes cast by our Shareholders, being entitled to do so, at the relevant general meetings. Under such circumstance, our Controlling Shareholders, collectively holding more than 50.0% of the total issued share capital of our Company immediately upon the Listing, may have the ability to approve or disapprove the corporate actions according to their own desires, when they exercise their shareholders' rights at the general meetings. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders chooses to cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, our Company or those other Shareholders may be adversely affected as a result.

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS AND FROM OTHER SOURCES

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

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

Forward-looking statements in this prospectus may prove inaccurate

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

RISK FACTORS

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

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

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus 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 prospectus misleading.

PLACING SHARES ARE FULLY UNDERWRITTEN

This prospectus is published in connection with the Placing for which BOSC International Company Limited is the Sole Sponsor. The Placing Shares are fully underwritten by the Underwriters pursuant to the Underwriting Agreement. Information relating to the underwriting arrangement is set out in the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE PLACING PRICE

The Placing Shares are being offered at the Placing Price which will be determined by the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on or before Wednesday, 6 April 2016. The Placing Price is expected to be not more than HK\$0.3 per Placing Share and not less than HK\$0.2 per Placing Share. The Joint Lead Managers (for themselves and on behalf of the Underwriters) may reduce the indicative Placing Price range stated in this prospectus at any time prior to the Price Determination Date. If this occurs, a notice of the reduction of the indicative Placing Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.expertsystems.com.hk.

If the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Placing Price on the Price Determination Date, or such later time and date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) in writing, the Placing will not become unconditional and will lapse immediately.

RESTRICTIONS ON SALE OF THE PLACING SHARES

Each person acquiring the Placing Shares will be required to confirm that he/she is aware of the restrictions on offers and sales of the Placing Shares described in this prospectus.

No action has been taken to permit any public offering of the Placing Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it circulated to invite to solicit offers in any jurisdiction other than Hong Kong or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. Persons who possess this prospectus are deemed to have confirmed with our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters that such restrictions have been observed.

The Placing Shares are offered solely on the basis of the information contained and representations made in this prospectus. No person is authorised to give any information in connection with the Placing or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

authorised by our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other person involved in the Placing.

Prospective applicants for Placing Shares should consult their financial advisers and take legal advice, as appropriate to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Placing Shares should inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

STRUCTURE AND CONDITIONS OF THE PLACING

Further details of the structure and conditions of the Placing are set out under the section headed "Structure and Conditions of the Placing" in this prospectus.

APPLICATION FOR LISTING ON GEM

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue, the Placing and the exercise of any options which may be granted under the Share Option Scheme.

No part of the share capital of our Company is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

Under Section 44B(1) of the Companies (WUMP) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the Placing, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Stock Exchange, then any allotment made on application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of at least 25.0% of the issued share capital of our Company in the hands of the public.

Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Tuesday, 12 April 2016. Shares will be traded in board lots of 10,000 each.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to granting the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on GEM or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice from your stockbrokers or other professional advisers.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to the Shares, you should consult your professional adviser. It is emphasised that none of our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Placing accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to the Shares.

REGISTER OF MEMBERS AND STAMP DUTY

The Shares may be registered on the principal register of members in the Cayman Islands or on the branch register of members of our Company in Hong Kong.

Dealings in the Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Unless our Company determines otherwise, dividends payable in HK dollars in respect of the Shares will be sent by ordinary post at the Shareholder's risk to the registered address of each Shareholder or, in the case of joint holders, the first-named holder.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

DIRECTORS

Name	Address	Nationality
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Chairman and non-executive Director

Wong Chu Kee Daniel (黃主琦)	12A Hanking Court 43 Cloud View Road North Point Hong Kong	British
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Chief executive officer and executive Director

Lau Wai Kwok (劉偉國)	Flat NC, 41/F. North Court, Tower 2 Festival City Phase 3 1 Mei Tin Road Tai Wai New Territories Hong Kong	Chinese
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Executive Directors

Lau Tsz Yan (劉紫茵)	Unit G, 3/F., Block 6 Site 3, Whampoa Garden Kowloon Hong Kong	Chinese
So Cheuk Wah Benton (蘇卓華)	7G, Tower 3 Yau Tong Centre Kwun Tong Kowloon Hong Kong	Chinese

Non-executive Directors

Chu Siu Sum Alex (朱兆深)	18/F., Block 31 Baguio Villa 550 Victoria Road Pok Fu Lam Hong Kong	British
Mok Chu Leung Terry (莫柱良)	Flat E, 20/F., Block 16 Laguna Grande, Laguna Verde Hung Hom Kowloon Hong Kong	British
Cheung Nap Kai (張立基)	Flat A1, 29/F., Block A Elm Tree Towers 8-10 Chun Fai Road Jardine's Lookout Hong Kong	British

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

Name	Address	Nationality
Chan Kin Mei Stanley (陳健美)	Flat G, 9/F. Block 3 The Metropolis Tseung Kwan O New Territories Hong Kong	Chinese
Independent non-executive Directors		
Au Yu Chiu Steven (區裕釗)	7 Coronado Avenue Royal Palms Yuen Long New Territories Hong Kong	British
Chung Fuk Wing Danny (鍾福榮)	Flat G, 69/F., Block 6 Grand Promenade 38 Tai Hong Street Sai Wan Ho Hong Kong	Australian
Ko Man Fu (高文富)	Flat A, 11/F. Tower 5 Riviera Gardens Tsuen Wan New Territories Hong Kong	Chinese
Mak Wai Sing (麥偉成)	Flat E, 39/F., Block 5 Phase 3, Belvedere Garden 625 Castle Peak Road Tsuen Wan New Territories Hong Kong	British

Please refer to the section headed “Directors and Senior Management” in this prospectus for further information.

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

PARTIES INVOLVED IN THE PLACING

Sole Sponsor

BOSC International Company Limited

34/F., Citibank Tower, Citibank Plaza

3 Garden Road

Central, Hong Kong

(a corporation licensed by the SFC to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO)

Joint Bookrunners and Joint Lead Managers

BOSC International Company Limited

34/F., Citibank Tower, Citibank Plaza

3 Garden Road

Central, Hong Kong

Aristo Securities Limited

21/F., Henry Centre

131 Wo Yi Hop Road

Kwai Chung, Hong Kong

Co-managers

Halcyon Securities Limited

11/F.

8 Wyndham Street

Central, Hong Kong

China Silver Securities Limited

Room 1417, 14/F.

China Merchants Tower

168–200 Connaught Road C.

Hong Kong

Legal advisers to our Company

as to Hong Kong law

Leung & Lau, Solicitors

Units 7208–10, 72/F.

The Center, 99 Queen's Road C.

Central, Hong Kong

as to Macau law

Rato, Ling, Lei & Cortés — Advogados

Avenida da Amizade, n.º 555

Edif. Macau Landmark

Office Tower, 23.º andar

Macau

as to Cayman Islands law

Conyers Dill & Pearman

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

**Legal adviser to the Sponsor and
the Underwriters**

as to Hong Kong law
Howse Williams Bowers
27/F., Alexandra House
18 Chater Road
Central, Hong Kong

Reporting accountant

BDO Limited
Certified Public Accountants
25/F., Wing On Centre
111 Connaught Road Central
Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarter and principal place of business in Hong Kong of our Group	17/F., AXA Tower, Landmark East 100 How Ming Street Kwun Tong, Kowloon Hong Kong
Company's website	<u>www.expertsystems.com.hk</u> <i>(information on the website does not form part of this prospectus)</i>
Company secretary	Mr. Lau Siu Ki (劉紹基) FCCA, FCPA Flat 803, Block J Kornhill Quarry Bay Hong Kong
Authorised representatives (for the purpose of the GEM Listing Rules)	Mr. Chan Kin Mei Stanley (陳健美) Flat G, 9/F., Block 3 The Metropolis Tseung Kwan O New Territories Hong Kong Mr. Lau Wai Kwok (劉偉國) Flat NC, 41/F., North Court, Tower 2 Festival City Phase 3 1 Mei Tin Road Tai Wai New Territories Hong Kong
Authorised representative (for the purpose of the Companies Ordinance)	Mr. Lau Wai Kwok (劉偉國) Flat NC, 41/F., North Court, Tower 2 Festival City Phase 3 1 Mei Tin Road Tai Wai New Territories Hong Kong
Compliance officer	Mr. Lau Wai Kwok (劉偉國)
Audit committee	Mr. Au Yu Chiu Steven (區裕釗) (Chairman) Mr. Chan Kin Mei Stanley (陳健美) Mr. Chung Fuk Wing Danny (鍾福榮) Mr. Ko Man Fu (高文富) Mr. Mak Wai Sing (麥偉成)

CORPORATE INFORMATION

Remuneration committee	Mr. Ko Man Fu (高文富) (<i>Chairman</i>) Mr. Au Yu Chiu Steven (區裕釗) Mr. Chung Fuk Wing Danny (鍾福榮) Mr. Mak Wai Sing (麥偉成) Mr. Wong Chu Kee Daniel (黃主琦)
Nomination committee	Mr. Chung Fuk Wing Danny (鍾福榮) (<i>Chairman</i>) Mr. Au Yu Chiu Steven (區裕釗) Mr. Ko Man Fu (高文富) Mr. Lau Wai Kwok (劉偉國) Mr. Mak Wai Sing (麥偉成)
Corporate governance committee	Mr. Chan Kin Mei Stanley (陳健美) (<i>Chairman</i>) Mr. Au Yu Chiu Steven (區裕釗) Mr. Lau Wai Kwok (劉偉國) Mr. Wong Chu Kee Daniel (黃主琦)
Principal share registrar and transfer office in Cayman Islands	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Compliance adviser	BOSC International Company Limited 34/F., Citibank Tower, Citibank Plaza 3 Garden Road Central Hong Kong <i>(a corporation licensed by the SFC to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO)</i>
Principal banker	Industrial and Commercial Bank of China (Asia) Limited 33/F., ICBC Tower 3 Garden Road Central Hong Kong

INDUSTRY OVERVIEW

This section contains certain information which is derived from a report we commissioned from Ipsos, an Independent Third Party. We believe that the sources of the information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. While we have exercised reasonable care in compiling and reproducing such information from official government publications, it has not been independently verified by our Company, our Directors, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other parties involved in the Placing. The information from official government publications may not be consistent with the information available from other sources within or outside Hong Kong. Our Company, our Directors, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other parties involved in the Placing do not make any representation as to the accuracy, completeness or fairness of such information from official government publications and, accordingly, you should not unduly rely on such information from official government publications.

OVERVIEW OF THE IT INFRASTRUCTURE SOLUTIONS INDUSTRY IN HONG KONG

The IT industry in Hong Kong is a broad industry that consists of a number of segment industries such as the IT solutions industry. The IT solutions industry is further divided into two sub-segment industries, namely IT infrastructure solutions industry and IT software development solutions industry. The IT infrastructure solutions industry normally encompasses companies that primarily engage in the sale of hardware and software products as well as provisions of IT infrastructure design and architect solutions and IT integration and implementation services.

The IT products and services in the IT infrastructure solutions industry typically include the following categories:

Categories	Products and/or services involved
Hardware	<ul style="list-style-type: none">includes PCs, handheld devices, printers, servers, storage systems, network devices and security devices
Software	<ul style="list-style-type: none">includes system software (i.e. programs that give instructions to the computer for managing applications and data) and application software (i.e. programs that are specific to the tasks that they are designed for such as Microsoft Office)
IT integration and implementation services	<ul style="list-style-type: none">combination of hardware and/or software into one functional unit made available for use
IT infrastructure design and architect solutions	<ul style="list-style-type: none">IT resources planning and IT system design services

INDUSTRY OVERVIEW

Industry value chain

The value chain of the IT infrastructure solutions industry mainly includes the following actors:

Manufacturers	● manufacturers of hardware and/or software
Distributors	● authorised by the manufacturers to distribute their products to resellers or IT infrastructure solutions providers and usually do not offer any value-added services
IT infrastructure solutions providers	● source products from manufacturers or their distributors for resale and offer value-added solutions and support to end-users
Retailers	● source products from manufacturers or their distributors to end-users and usually provide basic services such as delivery and installation
End-users	● the ultimate users, typically divided into two main groups being (a) the private sector and (b) the Government and education institutions

MARKET DEMAND

Key customers

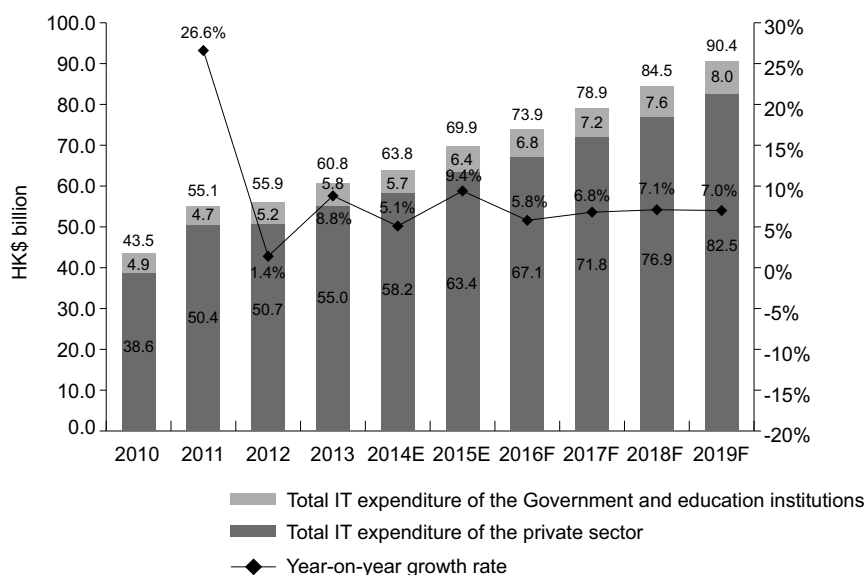
The key customers in the IT infrastructure solutions industry in Hong Kong are customers in the private sector, the Government and education institutions. The private sector comprises of multinational and local companies in a wide array of industries. We have customers in both sectors. For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, approximately 52.9%, 53.3% and 52.9%, respectively, of our revenue was generated from customers in the private sector.

INDUSTRY OVERVIEW

Total IT expenditure in Hong Kong

Total IT expenditure in Hong Kong

The graph below sets out the total IT expenditure and the year-on-year growth rates in Hong Kong from 2010 to 2014, and the forecast from 2015 to 2019.



Source: Hong Kong Census and Statistics Department, Ipsos Report

Notes:

1. Total IT expenditure of the Government and education institutions refers to the total IT expenditure of bureaus and departments of the Hong Kong Government, Housing Authority, Hospital Authority and subvented schools.
2. "E" denotes estimated and "F" denotes forecasted.

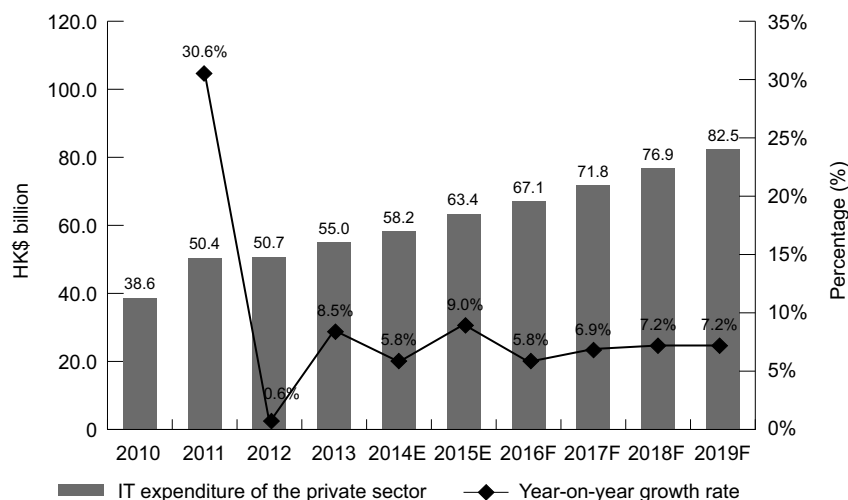
The total IT expenditure in Hong Kong experienced a robust increase from 2010 to 2014, from approximately HK\$43.5 billion in 2010 to approximately HK\$63.8 billion in 2014, representing a CAGR of approximately 10.1%. During the same period, the private sector was the largest contributor to the growth of the total IT expenditure in Hong Kong, accounting for over 85.0% of the total IT expenditure in Hong Kong for each of the year from 2010 to 2014.

During the forecast period from 2015 to 2019, it is expected that the total IT expenditure in Hong Kong will continue to increase, from approximately HK\$69.9 billion to approximately HK\$90.4 billion at a CAGR of approximately 6.7%. It is predicted that the IT expenditure of the private sector will continue to be the largest contributor to the total IT expenditure in Hong Kong.

INDUSTRY OVERVIEW

IT expenditure of the private sector

The graph below sets out the IT expenditure of the private sector and the year-on-year growth rates in Hong Kong from 2010 to 2014, and the forecast from 2015 to 2019.



Source: Hong Kong Census and Statistics Department, Ipsos Report

Note: "E" denotes estimated and "F" denotes forecasted.

The IT expenditure of the private sector experienced a rapid growth during the past five years, with the highest year-on-year growth rate recorded in 2011 and a fluctuation of between approximately 0.6% and 8.5% from 2012 to 2014. The IT expenditure increased from approximately HK\$38.6 billion in 2010 to approximately HK\$58.2 billion in 2014, representing a CAGR of approximately 10.8%.

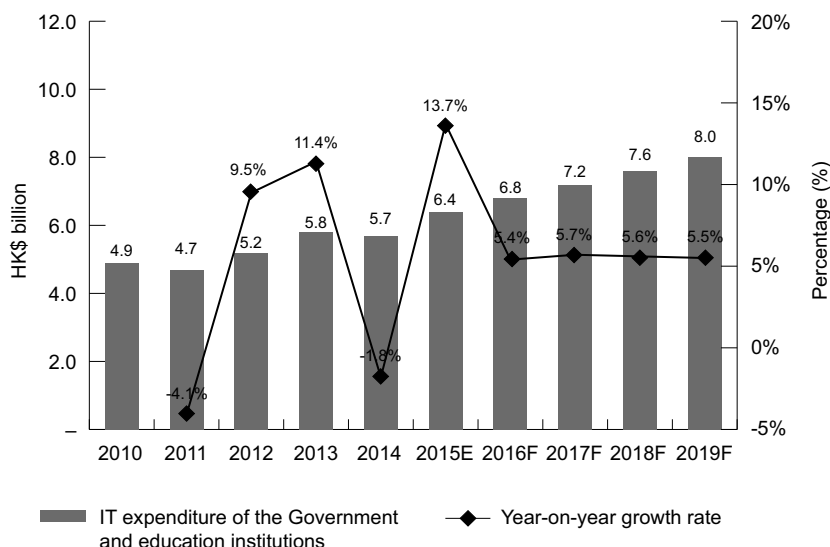
The Hong Kong economy has been recovering from the global financial crisis since 2010. The private sector, especially the banking and finance industry, started re-expanding their business operations which pushed up both the demand for and expenditure on IT services. Moreover, the advent of 3G mobile services also acted as a driver for the demand of IT services from the telecommunications sector in Hong Kong.

With an increasing popularity of cloud computing, big data management and virtualisation, it is expected that the private sector will continue to increase spending on IT solutions and services. Furthermore, in view of the rising trend of integrating internet technologies with daily business operations, it is anticipated that industries such as the retail, financial and logistics industries will increase their spending on IT solutions and services, thus driving up the IT expenditure of the private sector in Hong Kong from 2015 to 2019. It is anticipated that IT expenditure of the private sector will increase from approximately HK\$63.4 billion in 2015 to approximately HK\$82.5 billion in 2019, at a CAGR of approximately 6.8%.

INDUSTRY OVERVIEW

IT expenditure of the Government and education institutions

The graph below sets out the IT expenditure of the Government and education institutions and the year-on-year growth rates in Hong Kong from 2010 to 2014, and the forecast from 2015 to 2019.



Source: Hong Kong Census and Statistics Department, Ipsos Report

Notes:

1. Total IT expenditure of the Government and education institutions refers to the total IT expenditure of bureaus and departments of the Hong Kong Government, Housing Authority, Hospital Authority and subvented schools.
2. "E" denotes estimated and "F" denotes forecasted.

From 2010 to 2014, the IT expenditure of the Government and education institutions has fluctuated year-on-year, ranging from a decrease of approximately 4.1% in 2011 to an increase of approximately 11.4% in 2013 and then down to a decrease of approximately 1.8% in 2014. Despite the fluctuation in growth rate, the IT expenditure increased from approximately HK\$4.9 billion in 2010 to approximately HK\$5.7 billion in 2014, representing a CAGR of approximately 3.5%.

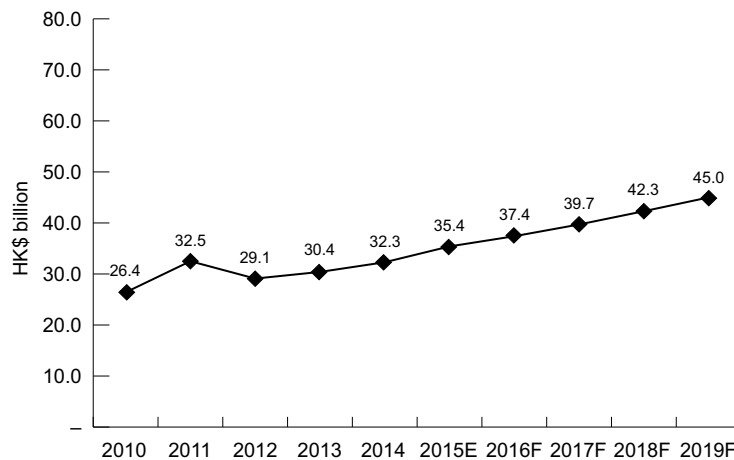
Given an increase in the overall expenditure of the Government and education institutions, the stable ratio of IT expenditure to the overall expenditure of the Government and education institutions shows that the Government and education institutions had increased public expenditure on IT services during the same period. The IT expenditure of the Government and education institutions consists of public spending on IT solutions and services for different sectors including the housing, health and education sectors. An increase in the expenditure of these sectors has therefore partly contributed to the growth in the IT expenditure of the Government and education institutions. For instance, the overall Government's expenditure on education recorded a growth at a CAGR of approximately 4.9% during the years from 2009 to 2014. Furthermore, the Digital 21 Strategy launched by the Government in 2008 to transform Hong Kong into a world-class digital city, boosted the demand and spending for IT solutions and services from the Government. For instance, the Government began building a large scale government cloud platform in 2013. The implementation of supportive policies and initiatives by the Government has therefore contributed to the growth of the IT expenditure of the Government and education institutions.

INDUSTRY OVERVIEW

With the commencement of the operation of the Innovation and Technology Bureau in November 2015, which was established for the purpose of strengthening innovation and technological development in Hong Kong, it is anticipated that the IT expenditure of the Government and education institutions will increase from approximately HK\$6.4 billion in 2015 to approximately HK\$8.0 billion in 2019, at a CAGR of approximately 5.5%.

Expenditure on IT infrastructure solutions

The graph below sets out the expenditure on IT infrastructure solutions in Hong Kong from 2010 to 2014, and the forecast from 2015 to 2019.



Source: Ipsos research and analysis

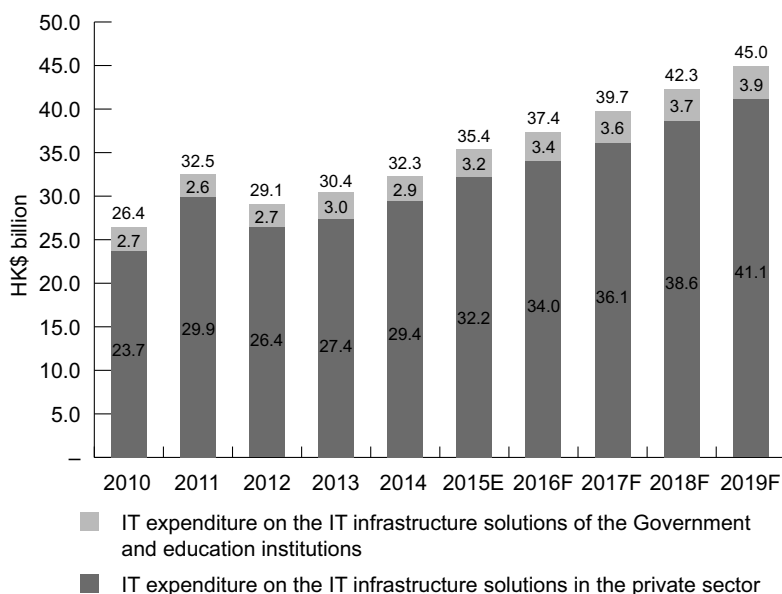
Note: "E" denotes estimated and "F" denotes forecasted.

From 2010 to 2014, the expenditure on IT infrastructure solutions in Hong Kong increased from approximately HK\$26.4 billion in 2010 to approximately HK\$32.3 billion in 2014, representing a CAGR of approximately 5.1%. The private sector accounted for an average of approximately 90.0% of the total expenditure on IT infrastructure solutions between 2010 and 2014.

As mentioned above, with the increasing popularity of cloud computing, big data management and virtualisation as well as the establishment of the Innovation and Technology Bureau, it is anticipated that the spending on IT solutions and services of the private sector, the Government and education institutions will increase. Accordingly, it is expected that the expenditure on IT infrastructure solutions will grow from approximately HK\$35.4 billion in 2015 to approximately HK\$45.0 billion in 2019 at a CAGR of approximately 6.2%. It is predicted that the private sector will continue to be the major contributor to the total expenditure on IT infrastructure solutions in Hong Kong.

INDUSTRY OVERVIEW

The graph below sets out the breakdown of the expenditure on IT infrastructure solutions for the private sector and the Government and education institutions in Hong Kong from 2010 to 2014, and forecast from 2015 to 2019.



Source: Ipsos research and analysis

Note: "E" denotes estimated and "F" denotes forecasted.

The expenditure on IT infrastructure solutions of the Government and education institutions increased at a CAGR of approximately 1.1%, increasing from approximately HK\$2.7 billion in 2010 to approximately HK\$2.9 billion in 2014. Meanwhile, the expenditure on IT infrastructure solutions of the private sector increased from HK\$23.7 billion in 2010 to approximately HK\$29.4 billion in 2014, at a CAGR of approximately 5.5%.

For the Government and education institutions, the expenditure on IT infrastructure solutions is expected to increase at a CAGR of approximately 5.0%, increasing from approximately HK\$3.2 billion in 2015 to approximately HK\$3.9 billion in 2019. During the same period, the expenditure on IT infrastructure solutions in the private sector is forecasted to increase from approximately HK\$32.2 billion in 2015 to approximately HK\$41.1 billion in 2019, at a CAGR of approximately 6.3%.

MARKET SUPPLY

Key suppliers

Manufacturers of hardware and software are key suppliers of such IT products. The majority of such manufacturers are large multinational companies such as HP, Dell, Lenovo, Microsoft and VMware.

INDUSTRY OVERVIEW

COMPETITIVE ANALYSIS OF THE IT INFRASTRUCTURE SOLUTIONS INDUSTRY IN HONG KONG

Competition situation

The Hong Kong IT infrastructure solutions industry is highly competitive and fragmented, with no dominant player in the industry. In 2014, there were over 1,400 IT infrastructure solutions providers in Hong Kong, of which the majority of them were small companies. The total revenue of the IT infrastructure solutions industry in Hong Kong in 2014 is estimated to be approximately HK\$32.3 billion. The revenue generated by the top five IT infrastructure solutions providers in Hong Kong in 2014 ranged from approximately HK\$266.2 million to HK\$771.5 million and they in aggregate had a market share of approximately 8.4% in 2014. We recorded revenue of approximately HK\$274.8 million for the year ended 31 March 2014, representing approximately 0.8% of the market share in 2014.

The IT infrastructure solutions industry in Hong Kong is a mature market. The expenditure on IT infrastructure solutions in Hong Kong increased from approximately HK\$26.4 billion in 2010 to approximately HK\$32.3 billion in 2014, representing a CAGR of approximately 5.1% and it is expected that the estimated expenditure on IT infrastructure solutions in Hong Kong will increase at a similar pace from 2015 to 2019.

Factors of competition

Reputation, customer relationships and experienced IT professionals are the key factors of competition in the IT infrastructure solutions industry in Hong Kong.

Reputation

Since the IT infrastructure solutions industry is fragmented in Hong Kong, reputation is one of the major competitive factors for retaining existing customers and attracting new customers in the industry. In particular, companies with better reputation give clients more confidence in their capability to offer reliable services with a high level of data security, thus allowing them to differentiate among their competitors and attract new customers from large enterprises.

Customer relationships

Due to the fast-changing nature of IT, customers need to continually upgrade their existing computer systems and implement new IT services such as cloud storage and data management systems. Maintaining good customer relationships is one of the key competitive factors in the IT infrastructure solutions industry as it not only brings return business from existing customers, it also enhances the revenue stability of the service providers.

Experienced IT professionals

Companies with a larger and stronger team of IT professionals would be more competitive in the market since they can offer more comprehensive and high quality IT infrastructure solutions to the customers. Experienced IT professionals with extensive IT knowledge and skills are more capable of handling large scale and complex IT infrastructure solutions projects, thus enhancing the profitability and the reputation of the companies they work for.

INDUSTRY OVERVIEW

Entry barriers

According to Ipsos, unestablished reputation, lack of business relationship with renowned IT products suppliers and lack of skilled talents set barriers for new entrants into the IT infrastructure solutions industry in Hong Kong.

Unestablished reputation

Reputation and quality of services provided are the important competitive factors in the IT infrastructure solutions industry. Good reputation is formed by offering satisfactory IT infrastructure solutions to customers. IT infrastructure solutions providers with better reputations would be seen as delivering higher quality of services and possessing the capabilities to handle large and complex IT infrastructure solutions projects. However, new entrants normally do not have such a reputation. It is therefore difficult for such companies to attract business and capture market share.

Lack of business relationship with renowned IT products suppliers

IT infrastructure solutions providers are generally required to integrate different types of IT hardware and/or IT software into a functional unit; hence, they need to consign various types of IT products from different suppliers. By establishing stable relationships with suppliers, IT infrastructure solutions providers could obtain more favorable terms of credit, delivery, exchange conditions and customer support from the suppliers. Furthermore, maintaining amicable business relationships with suppliers may also increase the reputation and competitiveness of IT infrastructure solutions providers. Such stable and amicable business relationships with suppliers usually take time to build up and require large sales volume transactions; hence, this may form an entry barrier to new entrants.

Lack of skilled talents

Due to shortage of IT professionals, new entrants may find it more difficult to hire and retain experienced and skilled IT professionals. In general, experienced and skilled IT professionals tend to work in established and large companies, which are able to provide them a stable platform for executing large and complex IT infrastructure solutions projects for different business sectors. As a result, new entrants may find it difficult to attract skilled talents.

FUTURE TRENDS

According to Ipsos, the followings are considered to be the significant future trends of the IT infrastructure solutions industry in Hong Kong:

Integration of the internet technologies with manufacturing and businesses operations

An increasing number of industries are incorporating different levels of IT services and technologies into their own daily business operations in order to enhance business development. For instance, with the rising popularity of e-trading and mobile-trading platforms for retail businesses, an increasing number of traditional retail stores and companies have started to engage in e-trading and mobile-trading businesses by building their own-trading platforms and transaction systems. It is anticipated that a growing number of companies, particularly those in the transportation, travel, hospitality and leisure industries, will integrate internet technologies and various IT services with their business operations in Hong Kong to enhance their competitiveness.

INDUSTRY OVERVIEW

Increasing popularity of cloud computing

Cloud computing systems allow users to access computer services or resources through the internet from remote locations and maintain centralised control via central remote servers. This technology increases the flexibility of IT processes and accessibility to data without location limitations and enhances economies of scale in the long run. There are an increasing number of enterprises adopting cloud computing technology in Hong Kong. For instance, according to the Census and Statistics Department, the percentage of the business sector adopting cloud computing was approximately 7.0% in 2013. It is anticipated that the popularity of cloud computing will continue to increase, with the expectation that more advanced cloud computing technology, such as hybrid cloud computing, will be adopted and gain increasing popularity in Hong Kong.

Big data management

Big data management involves the process of collecting, organising and analysing large sets of data for analytical purposes, becomes more popular. An increasing number of business establishments, especially from the retail, financial, and logistics industries, are adopting big data management in order to gain insights from data, and improve productivity and profitability. It is expected that the increasing popularity of big data management will bring more business opportunities to the IT infrastructure solutions industry in Hong Kong, especially those providing services in data migration and consolidation.

Greater attention to virtualisation technology

Virtualisation facilitates the connectivity of people to computing systems and resources, leading to a number of benefits such as raising labour productivity, improving production efficiency and data security. It is anticipated that virtualisation will become an essential strategy for boosting IT efficiency, and will lead to greater adoption of such technology by both the private sector and the Government, thereby increasing the demand for IT solutions and services in Hong Kong.

MARKET DRIVERS

Implementation of supportive policies and initiatives by the Government as well as the growing demand for IT infrastructure and supporting services from the education sector are the primary market drivers of the IT infrastructure solutions industry in Hong Kong.

Implementation of supportive policies and initiatives by the Government

According to Ipsos, the Government has implemented various policies and initiatives to support the growth of the IT infrastructure solutions industry in Hong Kong. For instance, in 2008, the Government published the Digital 21 Strategy with the intention to transform Hong Kong into a world-class digital city. In 2011, the Government announced the Pan-Government IT Strategy aiming to deliver next-generation e-Government services in Hong Kong. In January 2013, the Government began building a large scale government cloud platform called GovCloud, which comprised of private cloud and public cloud, to serve both the Government and the public. In November 2015, the Innovation and Technology Bureau, which aims to strengthen innovation and technological development in Hong Kong, with the continuous support of the policies of the Government, came into operation. These initiatives have created and are expected to continue to enhance IT development and create new business opportunities for the IT infrastructure solutions industry in Hong Kong.

INDUSTRY OVERVIEW

Growing demand for IT infrastructure and supporting services from the education sector

According to the 2013 Digital 21 Strategy Public Consultant Document published by the Commerce and Economic Development Bureau in September 2013, technology has transformed education, and e-learning has become an important learning tool for students to learn more effectively and efficiently. Accordingly, there is an increasing adoption of e-learning by primary and secondary schools. To support e-learning, primary and secondary schools require adequate broadband coverage, Wi-Fi access and IT facilities. This has created and is expected to stimulate a higher demand for IT solutions and services.

THREATS TO DEVELOPMENT

There are two main threats to the IT infrastructure solutions industry in Hong Kong, namely shortage of skilled talents and cyber security concerns.

According to the Vocational Training Council (VTC), Hong Kong is experiencing a shortage of approximately 302 IT or computing graduates graduated at or above certificate level every year. Shortage of experienced and skilled IT professionals is a major threat to the observable expansion of the IT infrastructure solutions industry in Hong Kong given the skill-intensive nature of the industry.

According to “Fortinet Security Census 2014” which surveyed more than 1,600 global enterprise IT decision makers, approximately 53.0% of the respondents have slowed down or cancelled a new IT service or other initiative because of cyber-security fears. Cyber-security is becoming a major concern of the public both locally and internationally. Such concern has become a threat to the IT infrastructure solutions industry in Hong Kong as new business initiatives could be delayed or abandoned.

THE IPSOS REPORT

We commissioned Ipsos to undertake research on the IT infrastructure solutions industry in Hong Kong, which includes companies that sell hardware and software products and provide infrastructure design and architect solutions as well as integration and implementation services and we paid Ipsos a professional fee of HK\$378,800.0. The research is set out in the Ipsos Report. Our Directors confirm that Ipsos, including all of its subsidiaries, divisions and units, is independent of and not connected with us in any way. Ipsos, on behalf of itself, its subsidiaries, divisions and units, has confirmed that the Ipsos Report was prepared in its ordinary course of business, and has given its consent for us to quote from the Ipsos Report and to use the information contained in the Ipsos Report in this prospectus.

Ipsos, having offices in over 80 countries, is a market research and consulting firm that provides insight, to its clients to drive their brands competitiveness, and, products and customer relations strategies. Ipsos is engaged in the provision of various services including market survey, market profiling, market sizing, share and segmentation analysis, distribution and value analysis, competitor tracking and corporate intelligence.

The information contained in the Ipsos Report is derived by means of data and intelligence gathering methodology which includes: (a) desk research; (b) client consultation; and (c) primary research by interviews with key stakeholders and industry experts.

INDUSTRY OVERVIEW

The Ipsos Report is based on the following assumptions:

- (a) the supply and demand of products and services in the IT infrastructure solutions industry in the global market are assumed to be stable and without hold-up over the forecast period; and
- (b) it is assumed that there is no external shock such as financial crisis or natural disasters in the global market to affect the demand and supply for the products and services of the IT infrastructure solutions industry in Hong Kong over the forecast period.

The Ipsos Report has considered, among others, the following parameters:

- (a) the growth rates in Hong Kong from 2010 to 2019;
- (b) the total IT expenditure in the private sector in Hong Kong from 2010 to 2019; and
- (c) the total IT expenditure of the Government and education institutions from 2010 to 2019.

This prospectus, particularly the sections headed “Industry Overview” and “Business” in this prospectus, contains some information extracted from the Ipsos Report.

REGULATORY OVERVIEW

HONG KONG LAWS AND REGULATIONS

There are no specific statutory requirements for our Group to obtain any licences for carrying on its businesses in Hong Kong other than the general legal requirement for applying and obtaining valid business registration certificate under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) and with the exception to the specific statutory requirement that valid licence shall be obtained to cover the import of certain strategic commodities from the Director-General of Trade and Industry by our Group. Further, there are no specific statutory provisions to regulate the business activities carried out by our Group in Hong Kong other than the general statutory provisions applicable to the businesses involving the sales of goods and supply of services.

Business registration

The Business Registration Ordinance requires that every person carrying on any business shall make application to the Commissioner of Inland Revenue in the prescribed manner for the registration of that business. The Commissioner of Inland Revenue must register each business for which a business registration application is made and as soon as practicable after the prescribed business registration fee and levy are paid and issue a business registration certificate or branch registration certificate for the relevant business or the relevant branch as the case may be.

Supply of goods

The Sales of Goods Ordinance (Chapter 26 of the Laws of Hong Kong) which aims to codify the law relating to the sale of goods provides that:

- (a) under section 15, where there is a contract for the sale of goods by description, there is an implied condition that the goods shall correspond with the description;
- (b) under section 16, where a seller sells goods in the course of a business, there is an implied condition that the goods supplied under the contract are of merchantable quality, except that there is no such condition (i) as regards defects specifically drawn to the buyer's attention before the contract is made; or (ii) if the buyer examines the goods before the contract is made, as regards defects which examination ought to reveal; or (iii) if the contract is a contract for sale by sample, as regards defects which would have been apparent on a reasonable examination of the sample; and
- (c) under section 17, where there is a contract for sale by sample, there are implied conditions that (i) the bulk shall correspond with the sample in quality, (ii) the buyer shall have a reasonable opportunity of comparing the bulk with the sample, and (iii) the goods shall be free from any defects, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

Where any right, duty or liability arises under a contract of sale of goods by implication of law, it may (subject to the Control of Exemption Clauses Ordinance (Chapter 71 of the Laws of Hong Kong)) be negated or varied by express agreement, or by course of dealings between the parties, or by usage if the usage is such as to bind both parties to the contract.

REGULATORY OVERVIEW

Supply of services

The Supply of Services (Implied Terms) Ordinance (Chapter 457 of the Laws of Hong Kong) which aims to consolidate and amend the law with respect to the terms to be implied in contracts for the supply of services (including a contract for the supply of a service whether or not goods are also transferred or to be transferred, or bailed or to be bailed by way of hire under the contract) provides that:

- (a) where the supplier is acting in the course of a business, there is an implied term that the supplier will carry out the service with reasonable care and skill; and
- (b) where the supplier is acting in the course of a business, the time for service to be carried out is not fixed by the contract, is not left to be fixed in a manner agreed by the contract or is not determined by the course of dealing between the parties, there is an implied term that the supplier will carry out the service within a reasonable time.

Where a supplier is dealing with a party to a contract for supply of service who deals as a consumer, the supplier cannot, by reference to any contract term, exclude or restrict any liability of his arising under the contract by virtue of the Supply of Services (Implied Terms) Ordinance. Otherwise, where any right, duty or liability would arise under a contract for the supply of a service by virtue of the Supply of Services (Implied Terms) Ordinance, it may (subject to the Control of Exemption Clauses Ordinance) be negated or varied by express agreement, or by the course of dealing between the parties, or by such usage as binds both parties to the contract.

Control of exemption clauses

The Control of Exemption Clauses Ordinance, which aims to limit the extent to which civil liability for breach of contract, or for negligence or other breach of duty, can be avoided by means of contract terms and otherwise, among others, provides that:

- (a) under section 7, a person cannot by reference to any contract term or to a notice given to persons generally or to particular persons exclude or restrict his liability for death or personal injury resulting from negligence and in the case of other loss or damage, a person cannot exclude or restrict his liability for negligence except in so far as the term or notice satisfies the requirements of reasonableness;
- (b) under section 8, as between contracting parties where one of them deals as consumer or on the other's written standard terms of business, as against that party, the other cannot by reference to any contract term (i) when himself in breach of contract, exclude or restrict any liability of his in respect of the breach, or (ii) claim to be entitled to render a contractual performance substantially different from that which was reasonably expected of him, or (iii) claim to be entitled in respect of the whole or any part of his contractual obligation, to render no performance at all, except in so far as the contract term satisfies the requirement of reasonableness;
- (c) under section 9, a person dealing as a consumer cannot by reference to any contract term be made to indemnify another person (whether a party to the contract or not) in respect of liability that may be incurred by the other for negligence or breach of contract, except in so far as the contract term satisfies the requirement of reasonableness; and

REGULATORY OVERVIEW

- (d) under section 11, as against a person dealing as consumer, the liability for breach of the obligations arising under sections 15, 16 and 17 of the Sales of Goods Ordinance cannot be excluded or restricted by reference to any contract term, and as against person dealing otherwise than as consumer, the liability arising under sections 15, 16 and 17 of the Sales of Goods Ordinance can be excluded or restricted by reference to a contract term, but only in so far as the terms satisfy the requirement of reasonableness.

Sections 7, 8 and 9 of the Control of Exemption Clauses Ordinance do not apply to, among others, any contract so far as it relates to the creation or transfer of a right or interest in any patent, trade mark, copyright, registered design, technical or commercial information or other intellectual property, or relates to the termination of any such right or interest.

In relation to a contract term, the requirement of reasonableness for the purpose of the Control of Exemption Clauses Ordinance is satisfied only if the court or arbitrator determines that the term was a fair and reasonable one to be included having regarded to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made.

Strategic commodities

The Import and Export Ordinance (Chapter 60 of the Laws of Hong Kong) requires that the import and export of the articles contained in the schedules to the Import and Export (Strategic Commodities) Regulations (the “**Regulations**”) must be covered by valid licences issued by the Director-General of Trade and Industry. Encryption products with a symmetric key length in excess of 56-bits which our Group sourced from our suppliers during the Track Record Period are articles contained in the schedules of the Regulations and are therefore subject to the licensing control.

Licence applications should be made for the import and export of the strategic commodities and be submitted to the Strategic Trade Controls Branch of the Trade and Industry Department. On issuing of a licence, apart from the standard licence conditions, the Director-General of Trade and Industry may, depending on circumstances of individual cases, impose special and additional conditions on approved licences. For encryption products, one very common special licence condition is that no further re-export, resale, transfer, or disposal of the goods is allowed without prior notice to and approval from the Director-General of Trade and Industry.

MACAU LAWS AND REGULATIONS

The following sets forth the most significant aspects of the laws of Macau relating to Expert Macau’s business operations in Macau.

Operations

Macau has a Civil Law (or Continental Law) legal system where written legislation or statutes that contain rules and principles are the primary source of law. Our Group and our operations in Macau are subject to the general legal statutory provisions applicable to companies operating businesses involving the sales of goods and supply of services in Macau, namely the general rules of the Macau Civil Code and the Macau Commercial Code relating to the provision of services.

REGULATORY OVERVIEW

Regulatory requirements

There are currently no specific statutory requirements for our Group to obtain any licences for carrying on its businesses in Macau; hence, in Macau our Group is subject to the general legal requirements relating to the registration of its business and operations under the Macau Commercial Code (Decree-Law no. 40/99/M, dated 3 August 1999) and the Macau Commercial Registry Code (Decree-Law no. 56/99/M, dated 11 October 1999).

All companies carrying on a permanent activity in Macau, including the business activities carried out by our Group in Macau, are subject to registration with the Macau Commercial and Moveable Properties Registry and, for tax purposes, with the Macau Finance Bureau. Applications for said registrations are made by the company in the prescribed manner for the registration of that business.

Taxation

Macau practices an independent taxation system and enacts its own laws and regulations concerning types of taxes, tax rates, tax reductions and exemptions, allowances and expenditures, and other matters of taxation (Article 106 of the Basic Law of Macau).

Our Group is subject to Macau Complementary Income Tax, levied at progressive rates between 3.0% and 12.0% with taxable profits up to MOP32,000.0 exempt from taxation. For several years, the amount exempted from taxation under Complementary Income Tax in Macau has been increased by the annual Budget Laws, namely, to MOP200,000.0 for the 2012 fiscal year, to MOP300,000.0 for the 2013 fiscal year, and to MOP600,000.0 for the 2014 fiscal year.

Our Group is further subject to Macau Industrial Contribution in Macau, a type of business registration charge, which varies according to the type of business/industry developed in Macau and is charged annually in a fixed amount. Payment of the Macau Industrial Contribution for our Group's activity has been exempted on a yearly basis since 2002.

While there is nothing to indicate that the abovementioned exemptions will not continue to be a tax relief measure in future years, it is not guaranteed that it will be kept in future Budget Laws.

HISTORY, REORGANISATION AND GROUP STRUCTURE

OVERVIEW

Expert HK, our principal operating subsidiary, was established in Hong Kong in 1985. Expert HK was previously a subsidiary of two listed companies i.e. Legend, a company listed on the Main Board of the Stock Exchange (Stock code: 992) in 1994, and North 22, a company which was listed on the Singapore Exchange Limited from 2000 to 2012. North 22 was delisted from the Singapore Exchange Limited in 2012 due to its failure to comply with the profit and market capitalisation requirements under the Listing Manual of the Singapore Exchange Limited. In 1994, the then holding company of Expert HK, Legend, was listed on the Main Board of the Stock Exchange. From 1998 to 2001, Expert HK operated under the company name of “Legend Expert Systems Limited”, before it changed to its company name in 2001.

In January 2001, a subsidiary of North 22 acquired 100.0% interest in Expert HK from a wholly-owned subsidiary of Legend for the consideration of HK\$12.0 million, which was arrived at after taking into account of the historical earnings potential of Expert HK. Expert HK then became a subsidiary of North 22 which was listed on the Singapore Exchange Limited from 2000 to 2012.

In September 2004, the CE Purchasers (i.e. Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung and Ms. Wong) acquired 100.0% interest in China Expert (a holding company of Expert HK, Expert Systems (Guangzhou) Limited (“**Expert Guangzhou**”), Expert Systems (Shanghai) Limited (“**Expert Shanghai**”), ServiceOne HK and ServiceOne (Guangzhou) Limited (“**ServiceOne Guangzhou**”)) for the consideration of US\$800,000.0, which was arrived at with reference to China Expert's then net assets of approximately US\$782,000.0 and therefore, obtained the control of Expert HK through China Expert. The net asset value of Expert HK as at 31 March 2004 amounted to approximately HK\$6,983,000.0. Such acquisition of China Expert by the CE Purchasers from North 22 was a management buyout. All the funds of acquiring the issued shares of China Expert came from the respective own resources of the CE Purchasers.

The principal activity of ServiceOne HK and ServiceOne Guangzhou was the provision of IT support business. Expert Guangzhou and Expert Shanghai were engaged in trading and selling of IT hardware products in China. However, Expert Shanghai and Expert Guangzhou had ceased operations since January 2009 and February 2015, respectively. For each of 2013, 2014 and the nine months ended 30 September 2015, Expert Shanghai recorded a loss of approximately RMB9,000.0, RMB9,000.0 and nil, respectively, and Expert Guangzhou recorded a profit of approximately RMB258,000.0 and RMB44,000.0 in 2013 and 2014, respectively, and a loss of approximately RMB752,000.0 for the nine months ended 30 September 2015.

Save that (a) Mr. Cheung had previously worked in Legend Technology Limited, a subsidiary of Legend; (b) Mr. Wong had been appointed as an executive director of North 22 from May 2001 until his re-designation as a non-executive director of North 22 in April 2005 and his resignation as a non-executive director of North 22 in March 2012; (c) Mr. Chu, Mr. Mok and Mr. Cheung had been employees of a subsidiary of North 22; and (d) Mr. Chu, Mr. Mok, Mr. Cheung and Mr. Wong had been shareholders of North 22, there was no association (including previous employment relationship) of our Directors and our Controlling Shareholders with Legend, North 22 and their respective directors and controlling shareholders.

Ms. Wong has over 30 years of experience in the IT industry. She has been working in ServiceOne HK since January 2000. She is currently the senior vice president, service operations of ServiceOne HK, responsible for overseeing and managing the material planning team, field engineering team and customer service team of ServiceOne HK. For the background information and industry experience of Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung and Mr. Wong, please refer to the section headed “Directors and Senior Management” in this prospectus.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Since our Controlling Shareholders obtained the control of Expert HK in September 2004 as mentioned above, the business of Expert HK has undergone significant development in terms of customer base and product base. In particular, our Group has attracted more customers from private sector and public sector, including the Government, education institutions and NGOs. In 2006, our Group expanded its business geographical coverage to Macau market. In addition, our Group has obtained a number of top tier partnership rankings from our manufacturer suppliers in Hong Kong since 2007, such as Platinum Partner of Hewlett Packard Enterprise, Preferred Partner of Dell, Premier Solution Provider of VMware, Gold Partner of Veritas and Gold Partner of Veeam. Our Group established business relationship with more than 160 manufacturer suppliers and distributor suppliers, and is able to provide IT products of more than 80 brands.

The following table sets out the key milestones of our business development:

Year	Event
1985	our first operating subsidiary, Expert HK, was incorporated
1994	the then holding company of Expert HK, Legend, was listed on the Main Board of the Stock Exchange
2001	Expert HK became a subsidiary of North 22, a company previously listed on Singapore Exchange Limited from 2000 to 2012
2004	the CE Purchasers acquired 100.0% interest in China Expert, the then immediate holding company of Expert HK, and obtained control over Expert HK through China Expert
2005	Expert HK stepped into higher education sector
2006	<ul style="list-style-type: none">the CE Purchasers intended to expand IT infrastructure solutions business into Macau market and therefore, through China Expert set up Expert Macau in MacauExpert HK was accepted by the Government as an approved contractor for supplying network products, server systems and provision of related services and has remained as the approved contractor of the Government for supplying server systems and provision of related services since thenExpert HK became the partner of VMware in Hong Kong and started to provide server virtualisation solution for customers. VMware is one of the largest virtualisation technology manufacturers in the world
2007	<ul style="list-style-type: none">Expert HK was accepted by the Government as an approved contractor for supplying personal computer equipment and provision of related services and has remained so since thenExpert HK was promoted to HP Premier Partner (presently known as HP Platinum Partner) which was the top tier partnership in Hewlett-Packard (presently known as Hewlett Packard Enterprise) in Hong Kong and has remained so since then

HISTORY, REORGANISATION AND GROUP STRUCTURE

Year	Event
2010	<ul style="list-style-type: none">• Expert HK started to provide high performance computing solutions mainly for higher education sector• Expert HK was raised to VMware Premier Solution Provider, which was the top tier partnership in VMware in Hong Kong and has remained so since then
2012	Expert HK started to serve the NGO sector
2015	<ul style="list-style-type: none">• Expert HK was awarded as Dell Preferred Partner which was the top tier partnership in Dell in Hong Kong• Expert HK was awarded as Gold Partner of Veeam which was the top tier partnership in Veeam in Hong Kong

CORPORATE DEVELOPMENT

Members of our Group during the Track Record Period are set out below:

Expert HK

Expert HK was incorporated on 10 September 1985 in Hong Kong and is an operating subsidiary of our Group, which is principally engaged in provision of IT infrastructure solutions in Hong Kong.

Expert HK became a wholly-owned subsidiary of China Expert in December 2002, which was then acquired by the CE Purchasers on 24 September 2004. Pursuant to the Reorganisation, on 9 November 2015, China Expert transferred all the issued shares in Expert HK to Expert BVI, following which Expert HK became a wholly-owned subsidiary of Expert BVI.

Expert Macau

Expert Macau was incorporated on 27 July 2006 in Macau and is an operating subsidiary of our Group, which is principally engaged in provision of IT infrastructure solutions in Macau.

At the time of incorporation, Expert Macau was owned as to 96.0% by China Expert and 4.0% by Mr. Chu who held a quota of MOP1,000.0 in the registered capital of Expert Macau as nominee for the benefit of China Expert and such 4.0% of the entire registered capital of Expert Macau was funded by China Expert.

Pursuant to the Reorganisation, on 13 October 2015, China Expert transferred its quota of MOP24,000.0, corresponding to 96.0% of the registered capital of Expert Macau to Expert BVI and Mr. Chu transferred his quota of MOP1,000.0, corresponding to 4.0% of the registered capital of Expert Macau, to Expert HK. Pursuant to a power of attorney dated 13 October 2015 executed by Expert HK, Expert HK granted all its powers relating to (a) the social rights and (b) its quota of MOP1,000.0 in Expert Macau, including the powers to enable the attorney to assign the quota of MOP1,000.0 into its own name, in favour of Expert BVI. Such power of attorney forms an irrevocable act and cannot be revoked by Expert HK without the consent of Expert BVI. Hence, Expert BVI is considered to beneficially own the entire registered capital of Expert Macau taking into account of the registered capital of MOP24,000.0 held under its name.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Expert BVI

Expert BVI was incorporated on 24 September 2015 in the BVI with limited liability, which is an investment holding company. On the same date, one share of Expert BVI, representing the entire issued share capital of Expert BVI, was allotted and issued to our Company, credited as fully paid. Expert BVI is a direct wholly-owned subsidiary of our Company.

Pursuant to the Reorganisation, Expert BVI became the holding company of Expert HK and Expert Macau on 9 November 2015 and 13 October 2015, respectively.

Our Company

Our Company was incorporated on 18 September 2015 in the Cayman Islands under the Companies Law as an exempted company with limited liability, which is an investment holding company. On the same date, one subscriber Share, allotted and issued as nil-paid, was transferred to Mr. Lau.

Pursuant to the Reorganisation, on 9 November 2015, our Company became the holding company of all the existing subsidiaries of our Company.

On 10 November 2015, Mr. Chu, Mr. Mok, Mr. Cheung and Mr. Wong transferred certain Shares to Mr. Lau and Ms. Wong at the price of HK\$13.2 per Share, details of which are set out in the paragraph headed "Reorganisation" below.

On the same date, Mr. Chan and Ms. Lai acquired certain Shares from Mr. Wong and Mr. Mok respectively (the "**Acquisitions**"), details of which are set out below:

Name of Shareholders	:	Mr. Chan	Ms. Lai
Date of investment	:	10 November 2015	10 November 2015
Number of Shares acquired (before the Capitalisation Issue and the Placing)	:	112,000	75,000
Total consideration	:	HK\$1,478,400.0	HK\$990,000.0
Payment date	:	10 November 2015	10 November 2015
Percentage of shareholding of the investors immediately upon completion of the Capitalisation Issue and the Placing (<i>note 1</i>)	:	approximately 0.8%	approximately 0.6%
Effective purchase cost per Share (taking into account the Capitalisation Issue)	:	HK\$0.22	HK\$0.22
Basis of the purchase price	:	the estimated valuation of our Group of HK\$150.0 million	
Discount (<i>note 2</i>)	:	26.7%	26.7%

HISTORY, REORGANISATION AND GROUP STRUCTURE

Notes:

1. It was calculated based on that 590,000,000 Shares would be issued under the Capitalisation Issue and 200,000,000 new Shares would be issued under the Placing.
2. It was calculated based on the maximum Placing Price of HK\$0.3 per Share.
3. There was no special right attached to the Shares acquired under the Acquisitions.
4. The Shares acquired under the Acquisitions are subject to the non-disposal undertaking for the period commencing on the date of this prospectus to the date which is six months from the Listing Date, details of which are set out in the paragraph headed "Undertakings" in the section headed "Underwriting" in this prospectus.

Ms. Lai joined Expert HK in 1994. She assisted in the accounting function of our Group and also the ServiceOne Group. On 1 March 2016, she became an employee of the ServiceOne Group. To the best knowledge and belief of our Directors and having made all reasonable enquiries, Ms. Lai is an Independent Third Party.

Mr. Chan is a non-executive Director, whose background information are set out in the paragraph headed "Non-executive Directors" in the section headed "Directors and Senior Management" in this prospectus.

As the Acquisitions were completed more than 28 clear days before the date of the first submission of the listing application of the Company, the Sponsor is of the view that the Acquisitions are in compliance with the Interim Guidance on Pre-IPO Investments announced by the Stock Exchange on 13 October 2010, the Guidance Letter HKEx-GL43-12 and the Guidance Letter HKEx-GL44-12.

OUR CONTROLLING SHAREHOLDERS

On 24 September 2004, Mr. Chu, Mr. Lau, Mr. Mok and Mr. Cheung acquired 95.0% equity interest in China Expert and on 28 March 2007, Mr. Wong acquired 10.0% equity interest in China Expert from Mr. Chu. Our Controlling Shareholders have acted in concert to control, through their immediate holding company (i.e. China Expert or Expert BVI as the case may be), Expert HK and Expert Macau, on a collective basis and made collective decisions as shareholders of Expert HK and Expert Macau, at all material times prior to the Listing. On 24 November 2015, in preparation for the Listing, our Controlling Shareholders executed a confirmation, whereby they confirmed the existence of common control over Expert HK and Expert Macau during the Track Record Period (which is evidenced by the unanimous agreements without any disputes by our Controlling Shareholders in the meetings of China Expert (being the then immediate holding company of Expert HK and Expert Macau) during the period), and that the said arrangements with respect to our Group will continue to have effect until one year after the Listing.

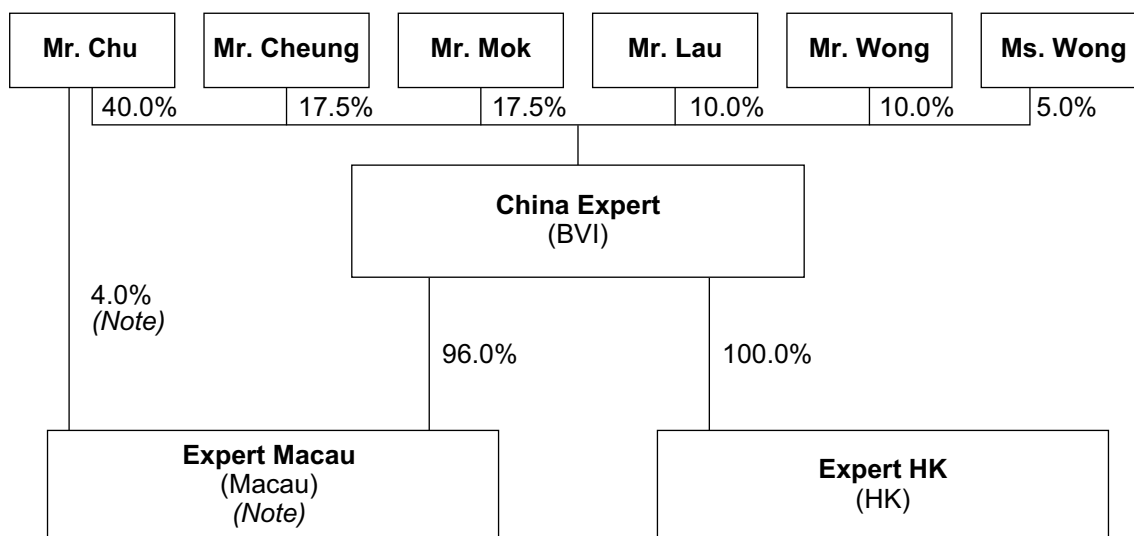
Hence, pursuant to the above confirmation, our Controlling Shareholders will together be entitled to exercise and control approximately 69.5% of the entire issued share capital of our Company immediately upon the completion of the Capitalisation Issue and the Placing (without taking into account of any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme).

HISTORY, REORGANISATION AND GROUP STRUCTURE

The business of our Group is managed by the Board, which is in line with the Articles. The members of the Board are either appointed by the Board or our Shareholders at a general meeting. According to the Articles, our Shareholders may by ordinary resolution (i.e. a simple majority of the votes cast by our Shareholders, being entitled to do so, at the relevant general meetings), to appoint or remove a Director. In addition, there are certain corporate actions of our Group which are subject to approval of our Shareholders (for example, certain notifiable transactions under Chapter 20 of the GEM Listing Rules, appointment or removal of Directors, fund raising exercise, etc.). If such actions are only subject to the passing of ordinary resolutions of our Shareholders at the relevant general meetings, pursuant to the Articles, the resolutions approving such actions would be passed if there is a simple majority (i.e. over 50.0%) of the votes cast by our Shareholders, being entitled to do so, at the relevant general meetings. Under such circumstance, our Controlling Shareholders collectively, holding more than 50.0% of the entire issued share capital of our Company immediately upon the Listing, would be able to make decisions in respect of such corporate actions at the shareholders' level by exercising their shareholders' rights (i.e. if they wish our Group to proceed with the relevant action subject to shareholders' approval, they can vote for the relevant resolution and vice versa).

REORGANISATION

The companies comprising our Group underwent the Reorganisation to establish and rationalise our Group structure in preparation for the Listing. As a result, our Company became the holding company of our Group. The following diagram illustrates the shareholding and corporate structure of our Group immediately prior to the Reorganisation:



Note: At the time of incorporation, Expert Macau was owned as to 96.0% by China Expert and 4.0% by Mr. Chu who held a quota of MOP1,000.0 in the registered capital of Expert Macau as nominee for the benefit of China Expert and such 4.0% of the registered capital of Expert Macau was funded by China Expert.

HISTORY, REORGANISATION AND GROUP STRUCTURE

The major steps of the Reorganisation are set out below:

Incorporation of our Company

Our Company was incorporated on 18 September 2015 in the Cayman Islands with limited liability. On the same date, one subscriber Share (the “**First Member Share**”), allotted and issued as nil-paid, was transferred to Mr. Lau.

Setting up of Expert BVI

On 24 September 2015, Expert BVI was incorporated in the BVI with limited liability and is authorised to issue a maximum of 50,000 shares of US\$1.0 each. On the same date, one share of Expert BVI, representing the entire issued share capital of Expert BVI, was allotted and issued as fully paid to our Company for cash at par.

Acquisition of 100.0% interest in each of Expert HK and Expert Macau by Expert BVI

On 13 October 2015, Expert BVI acquired 96.0% interest in Expert Macau from China Expert and Expert HK acquired 4.0% interest in Expert Macau from Mr. Chu. Pursuant to a power of attorney dated 13 October 2015 executed by Expert HK, Expert HK granted all its powers relating to (a) the social rights; and (b) its quota of MOP1,000.0 in Expert Macau, including the powers to enable the attorney to assign the quota of MOP1,000.0 in its own name, in favour of Expert BVI. Such power of attorney forms an irrevocable act and cannot be revoked by Expert HK without the consent of Expert BVI. Hence, Expert BVI is considered to beneficially own the entire registered capital of Expert Macau taking into account the registered capital of MOP24,000.0 held under its name. The consideration for the acquisition was HK\$863,185.0, being the unaudited net asset value of Expert Macau as at 31 March 2015, and was satisfied by the allotment and issue of 142,000 new Shares, credited as fully paid at par, by our Company to our Controlling Shareholders and Ms. Wong as per the respective instructions of China Expert and Mr. Chu:

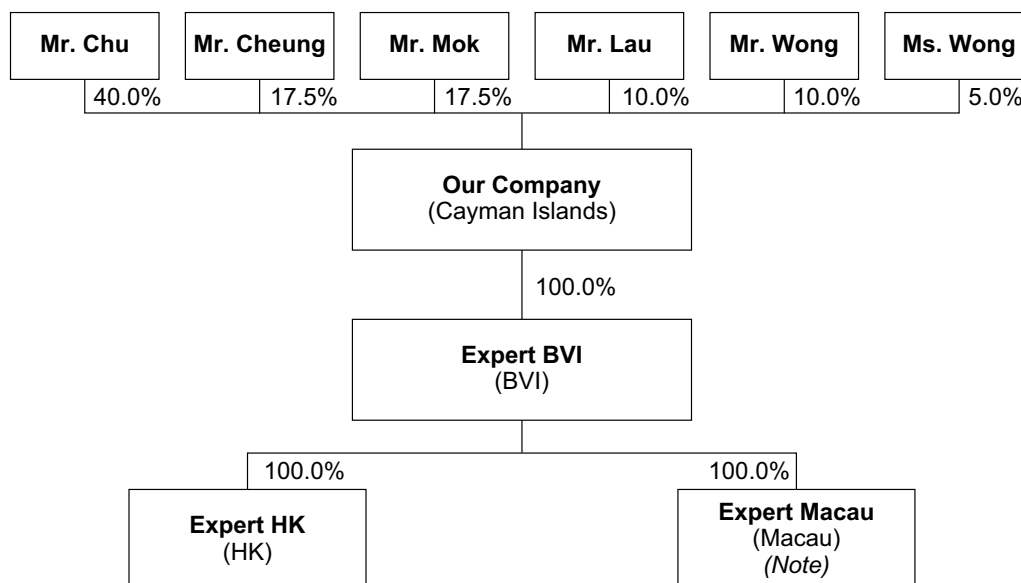
Shareholder	Number of Shares
Mr. Chu	56,800
Mr. Cheung	24,850
Mr. Mok	24,850
Mr. Lau	14,200
Mr. Wong	14,200
Ms. Wong	<u>7,100</u>
Total	<u><u>142,000</u></u>

HISTORY, REORGANISATION AND GROUP STRUCTURE

On 9 November 2015, Expert BVI acquired 100.0% interest in Expert HK from China Expert so that Expert HK became a wholly-owned subsidiary of Expert BVI. The consideration for the acquisition was HK\$60,007,868.0, being the unaudited net asset value of Expert HK as at 31 March 2015, and was satisfied by (a) crediting the nil-paid First Member Share held by Mr. Lau as fully paid; and (b) the allotment and issue of 9,857,999 new Shares, credited as fully paid at par, by our Company to our Controlling Shareholders and Ms. Wong as per the instructions of China Expert:

Shareholder	Number of Shares
Mr. Chu	3,943,200
Mr. Cheung	1,725,150
Mr. Mok	1,725,150
Mr. Lau	985,799
Mr. Wong	985,800
Ms. Wong	<u>492,900</u>
Total	<u>9,857,999</u>

The following diagram illustrates the shareholding and corporate structure of our Group immediately after the aforesaid acquisition of Expert HK and Expert Macau by Expert BVI:



Note: Expert Macau is legally owned as to 96.0% by Expert BVI and 4.0% by Expert HK. On 13 October 2015, Expert HK granted an irrevocable power of attorney in favour of Expert BVI granting Expert BVI all powers relating to its social rights and its quota in Expert Macau, and hence Expert BVI is considered to beneficially own the entire registered capital of Expert Macau, taking into account of the registered capital of MOP24,000.0 held under its name.

HISTORY, REORGANISATION AND GROUP STRUCTURE

Transfer of Shares in our Company

On 10 November 2015, Mr. Chu, Mr. Cheung, Mr. Mok and Mr. Wong transferred certain Shares to Mr. Lau and Ms. Wong at the price of HK\$13.2 per Share, which was based on the estimated valuation of our Group of HK\$150.0 million and at a discount of 12.0%, in the following manners:

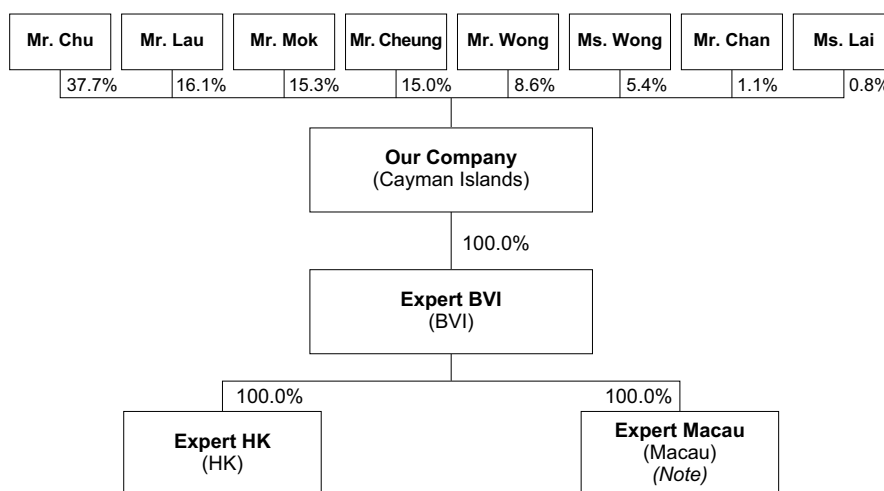
Transferor	Transferee	Number of Shares
Mr. Chu	Mr. Lau	227,000
Mr. Cheung	Mr. Lau	254,000
Mr. Mok	Mr. Lau	134,000
Mr. Mok	Ms. Wong	11,000
Mr. Wong	Ms. Wong	33,000

On the same date, Mr. Mok and Mr. Wong transferred certain Shares to Ms. Lai and Mr. Chan, respectively, at the price of HK\$13.2 per Share, which was based on the estimated valuation of our Group of HK\$150.0 million and at a discount of 12.0%, in the following manners:

Transferor	Transferee	Number of Shares
Mr. Mok	Ms. Lai	75,000
Mr. Wong	Mr. Chan	112,000

The estimated valuation of our Group mentioned above was not a formal valuation performed by the parties to the Acquisitions. At the time of the Acquisitions (i.e. 10 November 2015), the parties to the Acquisitions estimated and agreed that the valuation of our Group for the purpose of the Acquisitions shall be HK\$150.0 million.

The following diagram illustrates the shareholding and corporate structure of our Group immediately after the Reorganisation and up to the Latest Practicable Date:



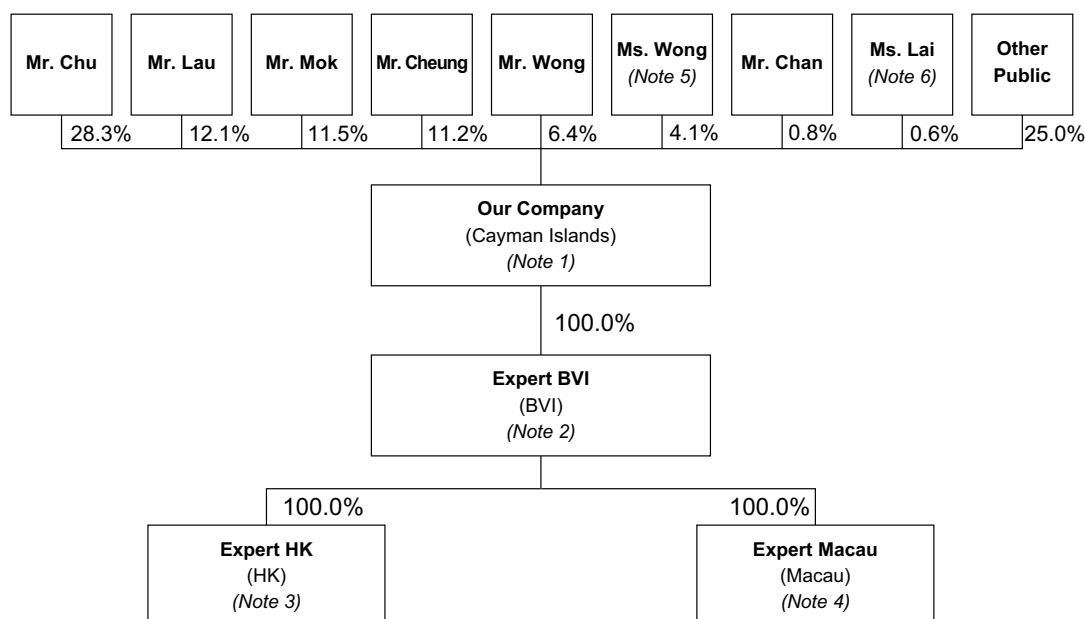
Note: Expert Macau is legally owned as to 96.0% by Expert BVI and 4.0% by Expert HK. On 13 October 2015, Expert HK granted an irrevocable power of attorney in favour of Expert BVI granting Expert BVI all powers relating to its social rights and its quota in Expert Macau, and hence Expert BVI is considered to beneficially own the entire registered capital of Expert Macau, taking into account of the registered capital of MOP24,000.0 held under its name.

The Reorganisation was completed and settled.

HISTORY, REORGANISATION AND GROUP STRUCTURE

THE GROUP AND SHAREHOLDING STRUCTURE

Immediately upon completion of the Capitalisation Issue and the Placing (without taking into account of any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme), the shareholding and corporate structure of our Group are illustrated as the following diagram:



Notes:

1. Our Company was incorporated in the Cayman Islands with limited liability on 18 September 2015 and its principal business activity is investment holding.
2. Expert BVI was incorporated in the BVI with limited liability on 24 September 2015 and its principal business activity is investment holding.
3. Expert HK was incorporated in Hong Kong with limited liability on 10 September 1985 and its principal business activity is provision of IT infrastructure solutions in Hong Kong.
4. Expert Macau was incorporated in Macau with limited liability on 27 July 2006 and its principal business activity is provision of the IT infrastructure solutions in Macau. Expert Macau is legally owned as to 96.0% by Expert BVI and 4.0% by Expert HK. On 13 October 2015, Expert HK granted an irrevocable power of attorney in favour of Expert BVI granting Expert BVI all powers relating to its social rights and its quota in Expert Macau, and hence Expert BVI is considered to beneficially own the entire registered capital of Expert Macau, taking into account the registered capital of MOP24,000.0 held under its name.
5. As Ms. Wong is an Independent Third Party, she is considered as a public Shareholder for the purpose of Rule 11.23 of the GEM Listing Rules.
6. As Ms. Lai is an Independent Third Party, she is considered as a public Shareholder for the purpose of Rule 11.23 of the GEM Listing Rules.

OVERVIEW

We are one of the long-established and renowned IT infrastructure solutions providers in Hong Kong based on the numerous awards and recognitions we have received from our manufacturer suppliers in recognition of our technical capabilities and exceptional performance in marketing their products. The aforesaid awards and recognitions were all granted by our manufacturer suppliers and the awarding criteria are primarily based on sales performance and level of technical expertise achieved, such as the number of technical certifications and accreditations received by the technical staff. Other factors including the number of customer complaints received, level of user satisfaction and enhancement of product awareness are also taken into consideration by our manufacturer suppliers. Please refer to the paragraph headed “Awards and Recognitions” in this section for further information on awards and recognitions obtained by us.

We can trace our long history back to the days when the then holding company of Expert HK, Legend, was listed on the Main Board of the Stock Exchange in 1994, and in 2001, Expert HK became a wholly-owned subsidiary of North 22, which was previously listed on the Singapore Exchange Limited from 2000 to 2012, before Expert HK was acquired by the CE Purchasers through China Expert in 2004.

We assess, design and implement IT infrastructure solutions for our customers by integrating different hardware and software sourced from third party suppliers to satisfy various IT requirements and needs of our customers. Our IT infrastructure solutions cover various aspects, some of which involve the latest IT inventions and highly specialised skills and expertise. The key aspects of our IT infrastructure solutions include virtualisation, software-defined data centre, software-defined networking, micro-segmentation, hyper-convergence, private, public and hybrid cloud, high performance computing, directory service, e-mail service, collaboration service, enterprise mobility management, network infrastructure and information security.

Our ability to provide integrated and optimised IT infrastructure solutions to our customers stem from our strong relationships with our suppliers. Our suppliers include prominent international and local hardware and/or software manufacturers and their respective authorised distributors. We are the first-tier or second-tier authorised resellers in Hong Kong and/or Macau for many of our principal manufacturer suppliers which are major hardware and/or software manufacturers in the global market. Being first-tier or second-tier authorised resellers has allowed us to form close collaboration with our principal manufacturer suppliers and obtain high level of support and resources from them. Through the resellership programmes, we are given various resources and support by many of our manufacturer suppliers. We would have direct access to the sales teams and on-going support from the technical teams as well as the knowledge database of these manufacturer suppliers to assist us with any issue or difficulty that we may encounter in formulating our IT infrastructure solutions. We receive funding and technical support from these manufacturer suppliers for organising our sales and marketing activities. Further, we can participate in the trainings and workshops offered by these manufacturer suppliers which is crucial to equip our staff with the latest technical knowledge about the products and solutions that we can offer to our customers. As a result, we are able to acquire advanced and extensive skills and knowledge in the latest IT technologies and thereby allowing us to deliver more customer-specific, productive and high quality IT infrastructure solutions to our customers.

We have a diverse customer base. We serve customers in both the private and public sectors. Our customers in the private sector include medium-sized to large multinational and local business enterprises in a wide array of industries such as banking and finance, telecommunications, information technology and media; fashion, jewellery and accessories; property and construction; and

entertainment, hotel and travel, whereas our customers in the public sector include the Government, education institutions and NGOs. We have been an approved contractor of the Government for supplying server systems and provision of related services since 2006 and for supplying personal computer equipment and provision of related services since 2007. The current contract with the Government for supplying server systems and provision of related services will end on 31 January 2019 and the current contract with the Government for supplying personal computer equipment and provision of related services will end on 31 December 2016. Most of our customers are located in Hong Kong, with some located in Macau.

Set out below are some of the key IT infrastructure solutions projects completed by us during the Track Record Period:

- Deploying a new IT infrastructure for a sportswear manufacturer (the shares of which are listed on the Main Board of the Stock Exchange) in which we designed and implemented a solution with key features of server virtualisation and disaster recovery. Such solution enables our customer to implement a cross border disaster recovery service to protect our customer's ordering and logistic systems across Hong Kong and Macau. Same set of data can be synchronised between systems in Hong Kong and Macau using the solution. When system in one place is crashed, our customer can operate using the system in another place to ensure smooth operation without any interference;
- Designing and deploying a new IT infrastructure for a point of sales system for a wet market in Hong Kong, which involves integration of servers, storage and backup systems, networking devices, desktops, touch-screen monitors, card readers, electronic weights, thermal printers, digital signage panels, and also cabling. Such system enables the tenants of the wet market to accept electronic payments in addition to cash which can greatly reduce the transaction time and the cost of handling cash. Trade data of the tenants can be collected and analysed for marketing purpose;
- Deploying a private cloud solution for the information technology services department of a university in Hong Kong with key features such as virtualisation, performance management, provision automation and disaster recovery. Such solution, which involves integration of servers, storage systems, backup systems and private cloud management tools, can decrease the dependency on any single unit of hardware and automate most daily routine change management and, therefore, improve the availability of the resources and increase the efficiency for managing the resources; and
- Deploying a high performance computing solution which performs research activities through computer modelling, simulation and analysis. Such solution was designed for a university in Hong Kong and integrated with the server clusters, storage clusters and management tool. Such solution shortens data processing time and computation time for conducting research activities, thereby increasing the efficiency for conducting research, and facilitates researches conducted by different departments of the university.

Please refer to the paragraph headed "Description of our Business" in this section for further information relating to our business.

OUR COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths of our Group have contributed to our success to date:

Authorised resellers in Hong Kong and/or Macau for major manufacturer suppliers of hardware and/or software in the global market

We are the authorised resellers in Hong Kong and/or Macau for most of our manufacturer suppliers. These manufacturer suppliers are major hardware and/or software manufacturers in the global market. Our working relationships with many of these manufacturer suppliers have lasted for more than 10 years. Please refer to the paragraph headed “Our Suppliers” in this section for further information relating to the resellership programmes. During the Track Record Period and up to the Latest Practicable Date, we were the first-tier or second-tier resellers for many of our principal manufacturer suppliers. We were able to achieve first-tier or second-tier ranking primarily due to (a) our dedication and success in marketing our principal manufacturer suppliers’ products, which is demonstrated by the numerous awards and recognitions which we have received from them; (b) our dedicated and experienced sales and technical staff who possess extensive technical capabilities and product knowledge accumulated through participating in continual trainings and workshops offered by these manufacturer suppliers and our 30 years of operating history; and (c) our strong reputation in delivering high quality and comprehensive services to our customers.

Through the resellership programmes, we are given various resources and support by many of our manufacturer suppliers. The extent of resources and support given to us largely depends on the policies and our ranking with these manufacturer suppliers. In general, we would have direct access to the sales and technical teams as well as the knowledge database of these manufacturer suppliers to assist us with any issue or difficulty that we may encounter in formulating our IT infrastructure solutions. We receive funding and technical support from these manufacturer suppliers for organising our sales and marketing activities. We also receive incentives from these manufacturer suppliers for achieving certain performance targets. Further, we can participate in the trainings and workshops offered by these manufacturer suppliers which is crucial to equip our staff with the latest technical knowledge about the products and solutions that we can offer to our customers. As at the Latest Practicable Date, our sales and technical staff obtained over 100 certifications and accreditations by completing the trainings and workshops given by these manufacturer suppliers. Some of these certifications such as VMware Certified Advanced Professional Data Center Design 5 and HP Accredited Solutions Expert Server Solutions Architect V8 are highly specialised as less than 30 individuals in Hong Kong have been awarded such certifications as at 25 November 2015.

In addition, being first-tier or second-tier authorised resellers with many of our principal manufacturer suppliers has not only enabled us to obtain more favourable rates and more technical support and opportunities for technical training from such manufacturer suppliers, it has also enhanced our market and brand reputation. Leveraging on our close collaboration with our manufacturer suppliers through the reseller programmes and our extensive technical capabilities and in-depth understanding of IT requirements of different industries gained through 30 years of operating history, we are capable of delivering more customer-specific, productive and high quality IT infrastructure solutions to meet the ever-changing IT requirements of our customers in a timely and cost-efficient manner, thereby allowing us to strengthen our relationships with existing customers and attract businesses from new customers.

Established operating history and proven track record in the provision of IT infrastructure solutions

Expert HK, our principal operating subsidiary, was established in Hong Kong in 1985. Expert HK had been a subsidiary of Legend which was listed on the Main Board of the Stock Exchange in 1994 and, subsequently in 2001, Expert HK became a wholly-owned subsidiary of North 22, which was previously listed on the Singapore Exchange Limited from 2000 to 2012, before Expert HK was acquired by the CE Purchasers through China Expert in 2004. Our established operating history in provision of IT infrastructure solutions has enabled us to develop close and long term relationships with both our customers and suppliers as well as to build strong brand awareness.

Over three decades of growth and development, we have become the authorised resellers of some key manufacturers of hardware and/or software in the world and an approved contractor of the Government for supplying server systems and provision of related services since 2006 and for supplying personal computer equipment and provision of related services since 2007. The current contract with the Government for supplying server systems and provision of related services will end on 31 January 2019 and the current contract with the Government for supplying personal computer equipment and provision of related services will end on 31 December 2016. We have participated in various large scale IT infrastructure solutions projects for customers in both the private and public sectors. Please refer to the paragraph headed “Overview” in this section for further details of the key IT infrastructure solutions projects completed by us during the Track Record Period. Further, we have obtained numerous awards and recognitions from our manufacturer suppliers for our technical capabilities and exceptional performance in marketing their products.

We believe that our established operating history, proven track record, strong technical capabilities and product knowledge, together with our dedication in delivering high quality and cost-efficient customer service, have given us a competitive edge in winning new businesses from existing and future customers.

Diverse and established customer base

We have established a solid and broad customer base. Our customers belong to both the private and public sectors. Our customers in the private sector include medium-sized to large multinational and local business enterprises in a wide array of industries such as banking and finance; telecommunications, information technology and media; fashion, jewellery and accessories; property and construction; and entertainment, hotel and travel, whereas our customers in the public sector include the Government, education institutions and NGOs. Most of our customers are located in Hong Kong, with some located in Macau. Our achievements in being qualified as the authorised resellers for many key manufacturers of hardware and/or software in the global market and an approved contractor of the Government for supplying server systems and personal computer equipment and provision of related services have not only strengthened our product knowledge and technical know-how, but have also raised the quality and comprehensiveness of our services, thereby enabling us to serve a wider spectrum of customers. The major criteria to become an approved contractor of the Government for supplying computer products include (a) the ability to supply the hardware and/or software as required by the Government; (b) the pricing of the hardware and/or software as required by the Government; (c) the number of staff proposed to be deployed to carry out the contractual obligations; (d) the qualifications or certifications and experience of staff proposed by the contractor to be deployed; and (e) support and trade-in services offered to the Government.

Upon successfully becoming an approved contractor of the Government, the said approved contractor is required to issue performance bonds in favour of the Government as a contract deposit.

For each of the two years ended 31 March 2014 and 2015, we served over 1,000 customers each year and for the six months ended 30 September 2015, we served over 800 customers, with revenue generated from our largest customer accounted for approximately 6.9%, 4.2% and 5.2%, respectively, of our total revenue. For the same year/period, approximately 47.1%, 46.7% and 47.1%, respectively, of our revenue was derived from services rendered to our customers in the public sector. Given that our customers are across different industries and we are not dependent on any single customer for business, we are less susceptible to changing market conditions and fluctuations, thus providing us greater stability to our business operations and financial performance. Further, since a substantial portion of our revenue was derived from our customers in the public sector with high credit-worthiness, we are subject to relatively low level of credit risks.

In addition, our various sales and marketing activities such as talks, workshops, seminars and recreational activities, together with our ability to deliver high quality and comprehensive IT infrastructure solutions to customers as well as our commitment to customer satisfaction, have contributed to our success in establishing and maintaining long term relationships with our customers and building a strong market reputation. As at the Latest Practicable Date, our business relationships with the five largest customers ranged from approximately two years to 16 years.

Experienced and stable senior management staff

Our experienced and dedicated senior management staff develop effective strategies for maintaining the growth of our Group's business. As at the Latest Practicable Date, most of our members of our management team have been with us for more than 10 years. Our management team is led by Mr. Lau, our chief executive officer and one of our executive Directors, who has over 20 years of experience in the IT industry and business management and has joined our Group since 2004.

Our executive Directors and senior management staff possess extensive IT knowledge, substantial working experience and industry insight, which have not only helped us to provide tailor-made IT infrastructure solutions to customers, but have also improved our estimations in terms of time and cost of our projects, thereby reducing situations of cost overrun and increasing our competitiveness in the market. For the experience and qualifications of our Directors and senior management staff, please refer to the section headed "Directors and Senior Management" in this prospectus.

Given our Group's extensive experience in the provision of IT infrastructure solutions and our proven track record, we have been able to attract and retain the necessary talent to remain competitive in the changing market and continue our success and business growth. As at the Latest Practicable Date, our staff in the outside and inside sales departments and the technology services department collectively possesses over 100 certifications and accreditations awarded by our manufacturer suppliers. Further, most of our staff in the technology services department have extensive working experience in IT infrastructure solutions. Accordingly, we are equipped with in-depth knowledge, extensive technical capabilities and deep understanding of IT trends and IT requirements of different industries so as to meet the ever-changing IT needs of our customers.

Efficient sales model

We have established and maintained an efficient sales model since the CE Purchasers obtained control of Expert HK in September 2004. Under this sales model, we have an outside sales department and an inside sales department focusing on the different needs of our sales operations, details of which are illustrated in the paragraph headed “Sales and marketing” in this section.

Our Directors are of the view that our sales model is critical to our success in increasing the efficiency and effectiveness of our sales functions, building and maintaining strong relationships with our customers and enhancing customer satisfaction. Our inside sales department, which is primarily responsible for handling project administration work and directly dealing with existing customers for certain improvements or upgrades of their existing IT infrastructure solutions, whether such existing solutions were implemented by our Group or other service providers, so as to reduce the administrative responsibilities of our outside sales staff. As a result, we are able to better utilise the expertise and experience of our outside sales department, given that it is able to focus all its efforts in generating revenue, particularly to identify and secure large scale and high skilled IT infrastructure solutions projects, and building and maintaining our relationships with existing and potential customers. We believe that the clear segregation of responsibilities between our inside sales department and outside sales department has allowed us to maximise the utilisation and abilities of our sales staff to serve the different business needs of our sales operations, which in turn has enhanced our ability to respond to the needs of our customers in a prompt and responsive manner.

OUR BUSINESS STRATEGIES

Our business objective is to maintain our position as one of the preferred and trustworthy IT infrastructure solutions providers in Hong Kong. By adopting the business strategies set out below, we plan to continue to expand our market share and strengthen the market position of our business in Hong Kong.

1. Expanding and training our sales, technical and support workforce

We believe that our success depends heavily on our ability to hire and cultivate experienced, motivated and well-trained members of our sales and technical staff. As such, we intend to continue investing in our sales and technical staff. In order to educate our sales and technical staff of the latest IT developments, we offer internal training and arrange for external continuous professional training programmes for such staff to learn and keep abreast of the changes in technologies, industry standards and knowledge on new products and solutions, and to enhance their quality of service and sales or technical skills.

In order to meet the increasing service demands, new headcounts will be provided to our outside and inside sales departments and technology services department as we aim to increase our competitiveness and enhance the comprehensiveness and quality of our IT infrastructure solutions. We will also increase the number of our support staff to cope with our business expansion.

We intend to utilise up to approximately HK\$6.0 million from the net proceeds from the Placing to expand our outside and inside sales departments and technology services department and to provide training to our sales and technical staff, and approximately HK\$0.8 million from the net proceeds from the Placing to hire additional support staff.

From the Latest Practicable Date and up to the year ending 31 March 2018, the expected number of staff to be hired for expanding our (a) outside and inside sales departments and technology services department will be around 23 staff, of which 18 staff for outside and inside sales departments and five staff for technology services department; and (b) support workforce will be around four staff. The actual recruitment is subject to various factors including the availability of suitable personnel in the market and the progress of our business expansion.

Please refer to the paragraph headed “Implementation Plans” in the section headed “Future Plans and Use of Proceeds” in this prospectus for a detailed description of the recruitment in the respective periods.

2. Expansion of our IT infrastructure solutions business

According to Ipsos, the Government has implemented various policies and initiatives to support the growth of the IT infrastructure solutions industry in Hong Kong. For example, in November 2015, the Innovation and Technology Bureau came into operation and they are intending to promote IT initiatives such as the injection of about HK\$4.0 billion to finance the expansion of Science Park (being the flagship innovation and technology infrastructure of Hong Kong) and the progressive expansion of the coverage of free Wi-Fi services in Hong Kong. It is expected that the Government will continue to spend more in improving the existing IT infrastructure and upgrading its internal IT systems. In light of the large contract sums for large scale IT infrastructure solutions projects (including the Government's projects), solutions providers are usually required to provide performance bonds. To further develop our IT infrastructure solutions business, particularly to grasp the potential business opportunities arising from the aforesaid Government's spending in IT infrastructure and IT systems, our Directors intend to undertake more large-scale IT infrastructure solutions projects in the future, in particular those that require provision of performance bonds, as only medium-sized to large solutions providers would have the required financial resources to compete for such projects.

During the Track Record Period, our Group issued two performance bonds so as to satisfy one of the requirements for being an approved contractor of the Government for supplying server systems and personal computer equipment and provision of related services. As at 31 March 2014 and 2015 and as at 30 September 2015, the outstanding amounts of performance bonds issued by our Group were approximately HK\$9.7 million, HK\$4.2 million and HK\$4.2 million, respectively. We believe that the net proceeds from the Placing will strengthen our Group's available financial resources which will allow us to undertake more large scale projects that require provision of performance bonds.

We intend to utilise up to approximately HK\$11.0 million of the net proceeds from the Placing to provide us with the finance flexibility with respect to provision of performance bonds for such kind of IT infrastructure solutions projects. Please refer to the paragraph headed “Implementation Plans” in the section headed “Future Plans and Use of Proceeds” in this prospectus.

3. Strengthening our marketing efforts

To enhance the awareness of our brand and customer loyalty, we plan to devote more resources to strengthen our marketing capabilities. We intend to promote our Group by building the brand of “Expert Systems” through a diversified approach. We aim to build and enhance our connections with existing and potential customers and other business partners by organising seminars and customer relationship events and increasing the scale and the variety of such events. We also aim to increase our market visibility and brand recognition by participating in more industry exhibitions and placing advertisements in public electronic media. The estimated amount of capital expenditure of strengthening our marketing efforts is HK\$3.0 million.

Occasionally, we are required by our customers to provide demonstrations and proof of concept services in our Hong Kong Office in relation to the solutions which we design for them. We intend to upgrade our demonstration facilities for our technical staff to assess, analyse and test solutions before they are presented to customers for solution evaluation. We intend to purchase demonstration equipment with rising demands from our customers, such as hyper-convergence, network infrastructure and information security. These equipment can be used to demonstrate to our customers the functionality and value of our solutions.

The estimated amount of capital expenditures of upgrading our demonstration facilities is HK\$3.0 million. It is estimated that there will be no material operating expenditures as our technical staff would be responsible for providing such services. Our Directors confirm that the estimated capital expenditures will be sufficiently covered by the proceeds from the Placing.

We intend to utilise, in aggregate, up to approximately HK\$6.0 million from the net proceeds from the Placing to strengthen our marketing efforts and to upgrade our demonstration facilities.

4. Enhancing our management information systems

We intend to upgrade our management information systems relating to our accounting, inventory management and sales functions, which will enable us to automate certain work processes and obtain more comprehensive and immediate business analysis, thereby increasing our capacity and raising the overall efficiency of our operations.

We intend to utilise up to approximately HK\$5.5 million of the net proceeds from the Placing to enhance our management information systems.

DESCRIPTION OF OUR BUSINESS

We provide IT infrastructure solutions to our customers whereby we assess, design and implement IT infrastructure solutions for our customers by integrating different software and hardware sourced from third party suppliers to satisfy various IT requirements and needs of our customers. We typically manage the entire IT infrastructure solution project, encompassing customer requirement analysis, solution design and architect, project management, hardware and/or software procurement, implementation and integration and testing on a fixed-price basis.

Our IT infrastructure solutions cover various aspects, some of which involve the latest IT inventions and highly specialised skills and expertise. The key aspects of our IT infrastructure solutions include virtualisation, software-defined data centre, software-defined networking, micro-segmentation, hyper-convergence, private, public and hybrid cloud, high performance computing, directory service, e-mail service, collaboration service, enterprise mobility management, network infrastructure and information security.

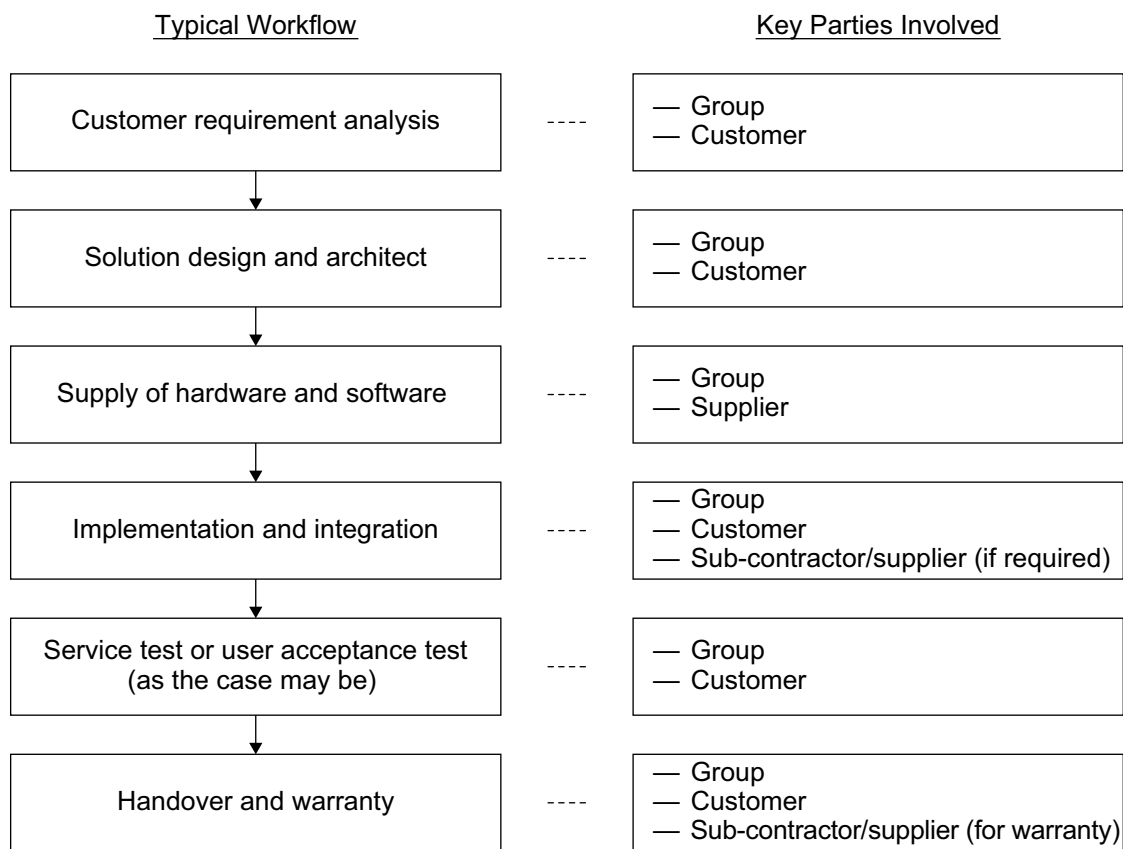
We have a diverse customer base. Our customers belong to both the private and public sectors. Our customers in the private sector include medium-sized to large multinational and local business enterprises in a wide array of industries such as banking and finance, telecommunications, information technology and media; fashion, jewellery and accessories; property and construction; and entertainment, hotel and travel, whereas our customers in the public sector include the Government, education institutions and NGOs.

We have strong working relationships with our suppliers. Our suppliers include prominent international and local hardware and/or software manufacturers and distributors. We are the authorised resellers in Hong Kong and/or Macau for most of our manufacturer suppliers. These manufacturer suppliers are key hardware and/or software manufacturers in the global market. Our working relationships with many of these manufacturer suppliers have lasted for over 10 years. Through the resellership programmes, we are given various resources and support by many of our manufacturer suppliers. For instance, we have direct access to the sales and technical teams as well as the knowledge database of these manufacturer suppliers to assist us with any issue or difficulty that we may encounter in formulating our IT infrastructure solutions. Further, we can participate in the trainings and workshops offered by these manufacturer suppliers. As at the Latest Practicable Date, our sales and technical staff obtained over 100 certifications and accreditations by completing the trainings and workshops offered by these manufacturer suppliers. Our close collaboration with many of our manufacturer suppliers has not only deepened our understanding of the features and functionalities of IT products, but has also helped us to acquire advanced and extensive skills and knowledge in the latest IT technologies. Leveraging on our close collaboration with our manufacturer suppliers through the reseller programmes and our extensive technical capabilities and in-depth understanding of IT requirements of different industries gained through 30 years of operations, we are capable of delivering customer-specific, productive and high quality IT infrastructure solutions to meet the ever-changing IT requirements of our customers in a timely and cost-efficient manner.

During the Track Record Period, the duration of our IT infrastructure solutions projects typically ranged from approximately two weeks to 10 months, with only a few projects having a length over one year. The duration of each project varies and largely depends on the scale of the project and the scope of work assigned to us.

Operational flow

To facilitate our design of tailor-made IT infrastructure solutions to our customer, we will normally conduct thorough analysis on the existing IT environment as well as the IT requirements of our customer. Once the proposed solution design and architect is accepted by our customer, we will place orders with our suppliers for the required hardware and/or software and then implement the solutions upon delivery of products. The following chart illustrates the typical workflow of our IT infrastructure solutions projects:



Customer requirement analysis

When our customer comes to us for quotation of service or invitation for tender, our sales staff will first enquire our customer on (a) its present needs and specifications; (b) the proposed site for installation/implementation; (c) its existing computer systems and IT environment; (d) its preference on choice of hardware and/or software; (e) its schedule; and (f) its budget.

Solution design and architect

Our sales staff will conduct meetings with our customer to further discuss its specific needs and requests for our services. At the same time, we will obtain quotations from our manufacturer suppliers and/or distributor suppliers for the required hardware and/or software.

Our sales staff are trained with basic technical knowledge of IT infrastructure solutions as well as product specification and functionality which enable them to handle general requests or enquires from our customers. Where the requests from our customers exceed their capability, our sales staff will consult and involve our technical staff. Normally, complicated projects such as those involving multiple locations, multiple vendors, development of new IT environment or latest IT technologies would require the assistance of our technical staff and are estimated to exceed HK\$200,000.0 per order. During the Track Record Period, approximately half of our revenue was generated from order not exceeding HK\$200,000.0 and half of the revenue was generated from order of or more than HK\$200,000.0.

For complicated projects, our sales staff will come up with a design proposal, with the assistance of our technical staff, that best suits our customer's IT requirements after taking into account of our customer's budgets. The design proposal generally includes recommendations in respect of products and/or solutions as well as descriptions of the features and functions of the products and/or solutions. In some cases, we also provide demonstrations and proof of concept services to our customer to increase its confidence in the design proposal. We will continue to further refine the design proposal based on the customer's feedback until the customer is satisfied with the design proposal.

Once our customer has accepted the design proposal, we will provide our quotation to our customer. Our quotation generally includes a fee breakdown for each product item and/or the types of services to be provided. Our sales staff are responsible for negotiating with our customer in relation to scope of services and contract terms.

For invitation of tender, our sales staff will cooperate with our technical staff as necessary to peruse and analyse the tender specifications and prepare a tender proposal for such invitation. Our sales staff will also provide clarifications to and follow up with our customer about the tender requirements as necessary.

Supply of hardware and software

Once our customer has confirmed its acceptance of our quotation or our winning of the tender, our sales staff will be responsible for the administration of the project, including informing our procurement and logistics staff to place orders for hardware and/or software with our suppliers, monitoring shipment and logistics progress to meet project schedule and cooperating with our project management team as appropriate.

The hardware and/or software required for the implementation of the IT infrastructure solutions project are normally delivered directly to our warehouse by our suppliers; and immediately upon delivery, our procurement and logistics staff will check the products before they are delivered to our customer. For details of our inventory control measures, please refer to the paragraph headed "Our Suppliers" in this section.

Implementation and integration

Our technical staff are responsible for supervising and carrying out the implementation and integration work, which includes hardware installation, software implementation, configuration, customisation, integration and data migration. Whilst we have a team of in-house technical staff to carry out the implementation and integration work, we also outsource certain implementation work such as hardware installation and wiring work and certain specialised software implementation, configuration and/or customisation work to our sub-contractors (including our suppliers in some

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circumstances), and such sub-contractors carry out their work under our proper supervision and monitoring. For details of our outsourcing, please refer to the paragraph headed “Outsourcing” in this section.

Service test or user acceptance test (as the case may be)

Upon completion of the hardware and/or software implementation and integration, we will conduct a service test or user acceptance test depending on the complexity of the project. The service test or the user acceptance test is essentially a series of checks on the functionality and compatibility of the solutions implemented by us. The user acceptance test is more comprehensive than the service test and requires us to satisfy various pre-determined criteria set by our customer. We normally require our customer to sign a commissioning form to evidence completion of the service test or user acceptance test. We believe that this arrangement can avoid future disputes with our customers over the quality of our services.

Handover and warranty

Once the commissioning form is signed by our customer, the project is completed. We may grant a nursing period of one to three months to our customers upon completion of the projects to rectify any defect in the IT infrastructure solutions which we implemented. The hardware and/or software that we supply to our customers come with original product warranties offered by our manufacturer suppliers, which usually range from 12 months to 36 months upon product delivery. Some customers will request extended product warranties after the lapse of the original product warranties offered by our manufacturer suppliers. Depending on customer requirements and service availability, we normally outsource extended product warranties to our suppliers or our sub-contractors as such maintenance work does not form part of our principal business activities. For details of our outsourcing, please refer to the paragraph headed “Outsourcing” in this section.

Revenue generated from the provision of IT infrastructure solutions by geographical location

During the Track Record Period, we generated our revenue mainly from the Hong Kong market. The table below illustrates the breakdown of our revenue by geographical location during the Track Record Period and the periods indicated below:

	For the year ended 31 March				For the six months ended 30 September			
	2014		2015		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(approximately)		(approximately)		(approximately)		(approximately)	
Hong Kong	266,719	97.1	308,566	97.3	148,701	97.2	138,238	97.8
Macau	8,070	2.9	8,436	2.7	4,279	2.8	3,063	2.2
Total	274,789	100.0	317,002	100.0	152,980	100.0	141,301	100.0

Revenue generated from the provision of IT infrastructure solutions by customers' industry sector

During the Track Record Period, the end-users of our IT infrastructure solutions include customers from both the private and public sectors. Our customers in the private sector cover medium-sized to large multinational and local business enterprises across different industries whereas our customers in the public sector encompass the Government, education institutions and NGOs.

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The following table sets out our Group's revenue generated from provision of IT infrastructure solutions by our customers' industry sector during the Track Record Period and the indicated periods mentioned below:

	For the year ended 31 March				For the six months ended 30 September			
	2014		2015		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(approximately)		(approximately)		(approximately)		(approximately)	
Private sector	145,309	52.9	169,028	53.3	86,061	56.3	74,732	52.9
Public sector								
— Government	57,484	20.9	61,313	19.4	22,380	14.6	24,744	17.5
— Education and NGO	71,996	26.2	86,661	27.3	44,539	29.1	41,825	29.6
Sub-total	129,480	47.1	147,974	46.7	66,919	43.7	66,569	47.1
Total revenue	274,789	100.0	317,002	100.0	152,980	100.0	141,301	100.0

We served over 1,000 customers for each of the two years ended 31 March 2014 and 2015 respectively and over 800 customers for the six months ended 30 September 2015. Our customers in the private sector were in a wide array of industries such as banking and finance; telecommunications, information technology and media; fashion, jewellery and accessories; property and construction; and entertainment, hotel and travel.

The following table sets out the breakdown of revenue generated from the private sector by major industry during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2014		2015		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(approximately)		(approximately)		(approximately)		(approximately)	
Private sector								
— Banking and finance	32,635	22.4	46,388	27.4	24,379	28.3	25,179	33.7
— Telecommunications, IT & media	33,153	22.8	25,651	15.2	7,324	8.5	9,057	12.1
— Fashion, jewellery & accessories	10,480	7.2	14,275	8.5	7,645	8.9	5,635	7.5
— Property & construction	10,756	7.4	13,679	8.1	6,148	7.1	5,436	7.3
— Entertainment, hotel & travel	12,796	8.8	16,651	9.9	9,673	11.2	5,153	6.9
— Others (Note)	45,489	31.4	52,384	30.9	30,892	36.0	24,272	32.5
Total revenue	145,309	100.0	169,028	100.0	86,061	100.0	74,732	100.0

Note: For the six months ended 30 September 2015, none of our customers in the private sector from the other industries contributed more than 6.0% of our Group's revenue generated from the private sector.

Duration of our IT infrastructure solutions

During the Track Record Period, the duration of our IT infrastructure solutions projects normally ranged from approximately two weeks to 10 months, with only a few projects having a length of over one year. The duration of our IT infrastructure solutions projects varies and largely depends on the scale and complexity of the projects and the scope of work assigned to us.

Pricing

Regardless of how the IT infrastructure solutions projects are secured by us (whether by our sales and marketing activities, recurring customers, referrals or tenders), pricing is determined on a case-by-case basis taking into account of various factors including (a) the complexity of the work involved; (b) the estimated project cost (which mainly includes the cost of hardware and/or software required as well as the cost of labour for implementation and integration); (c) the scale and duration of the project; (d) our Group's capacity; (e) the specifications of the project; (f) our relationship with customers; and (g) the current fee level and our competitiveness in the market.

Our IT infrastructure solutions are priced on a fixed fee basis. Accordingly, any material deviation in the actual time and resources spent from our initial estimation may result in significant cost overruns which may adversely affect the financial results of our Group. Our Group has adopted the following measures to manage the risk of cost overruns:

- (a) a detailed estimation of time and cost expected to be incurred in a project is prepared by our sales staff and reviewed by our management before submitting a tender/quotation to our customers; and
- (b) our sales staff obtain preliminary quotations from our suppliers in respect of the hardware and/or software required for implementation and integration in order to ascertain the cost expected to be incurred, thereby forming the basis for our Group to prepare its tender/quotation.

During the Track Record Period, our Company did not encounter any material cost overruns or delays in our projects.

Payment and credit control

We negotiate payment terms with our customers in order to maintain our liquidity. Our payment requirements differ depending on how the IT infrastructure solutions projects are secured by us. Normally, for projects secured by way of tenders, payment terms are dictated by the relevant tender agreements whilst for projects secured by our sales and marketing activities, recurring customers or referrals, we normally allow our customers to pay upon completion of service test or user acceptance test (as the case may be) for small scale projects or require our customers to make payments in three phases, namely upon order placing, product delivery and completion of service test or user acceptance test, for large scale projects.

Subject to the credit risk of specific customers and the prevailing sales performance, we generally grant a credit term of seven to 30 days to our customers save for a master contract entered into with one of our customers with long payment term prior to the Track Record Period, pursuant to which the last payment will be due in December 2016. Thus, we had non-current trade receivables of approximately HK\$2.6 million, HK\$1.3 million and HK\$1.8 million as at 31 March 2014 and 2015 and 30 September 2015, respectively.

In order to minimise the credit risk exposed to our Group arising from trade receivables from our customers, we have adopted a series of credit risk management measures including that (a) our management and accounting staff conduct weekly reviews on customers' payment history, length of relationship and overdue payments (if any) to determine whether credit terms granted to our customers require revisions; and (b) with respect to material overdue payment identified, our management and accounting staff assess the risk level involved in such payments based on the

relevant customer's payment history, length of relationship and financial position and closely monitor the collection status by follow-up actions such as making telephone calls, paying customer visits, or initiating legal proceedings or actions if necessary. In addition, we review the recoverability of each customer's trade receivables balance on a weekly basis to ensure adequate provision for impairment is made if we consider that recovery of the amount is remote. For the year ended 31 March 2014 and for the six months ended 30 September 2015, we recognised an impairment loss in respect of trade receivables of approximately HK\$594,000.0 and HK\$74,000.0, respectively. Based on the assessment as at 31 March 2015, we reversed an amount of approximately HK\$588,000.0 of impairment loss previously recognised for the year ended 31 March 2014. For details of our trade receivables, please refer to Note 17 to the Accountant's Report set out in Appendix I to this prospectus. Save for the above, during the Track Record Period and up to the Latest Practicable Date, there was no notification and indication of non-payment of our trade receivables and no other impairment loss was recognised on trade receivables.

Return and warranty

The hardware and/or software that make up our IT infrastructure solutions come with original product warranties offered by our manufacturer suppliers which usually range from 12 months to 36 months. In the event that there are any defects with the hardware or software after completion of the solutions projects, our customers may contact our manufacturer suppliers or us directly. Our manufacturer suppliers are fully responsible for the rectification of the product defects throughout the duration of the original product warranties. Sometimes, our customers require extended product warranties after the lapse of the original product warranties offered by our manufacturer suppliers. Depending on customer requirements and service availability, we normally outsource extended product warranties to our suppliers or our sub-contractors as such maintenance work do not form part of our principal business activities. For details of our outsourcing, please refer to the paragraph headed "Outsourcing" in this section.

We may offer a nursing period of one to three months to our customers to rectify any defect in the IT infrastructure solutions we have deployed for our customers. During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaints from our customers with respect to the IT infrastructure solutions we deployed for them.

SALES, MARKETING AND CUSTOMERS

Our customers

We serve customers in both the private and public sectors. Our customers in the private sector mainly comprises of medium-sized to large multinational and local business enterprises in various industries whereas our customers in the public sector include the Government, education institutions and NGOs. We served over 1,000 customers for each of the two years ended 31 March 2014 and 2015, respectively and over 800 customers for the six months ended 30 September 2015. Most of our customers are located in Hong Kong, with some located in Macau. For further information regarding our revenue breakdown by geographical location and by customers' industry sector, please refer to the paragraph headed "Description of our Business" in this section.

BUSINESS

We enter into agreements with our customers on a project-by-project basis. Such agreements are usually in the form of purchase orders, which are either prepared by us or by our customers. The purchase order prepared by us is essentially a sales confirmation with price quotation, which typically includes the following terms:

- | | |
|--------------------------------|--|
| (a) Scope of work | Kinds of products and/or services to be provided |
| (b) Credit period | Normally seven to 30 days |
| (c) Price validity | Normally seven to 14 days |
| (d) Warranty | Subject to original product warranties given by our manufacturer suppliers |
| (e) Delivery | Subject to stock availability and status of customer's credit standing |
| (f) Cancellation/
amendment | Being considered as breach of contract if our prior consent is not obtained by our customer and our customer shall be subject to penalty not exceeding the total contract amount |
| (g) Liability limitation | Liability claims shall be limited to no more than the total contract amount |

The terms of the purchase orders prepared by our customers vary, and in most cases, mainly include scope of work, credit period and delivery date.

For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, our Group completed approximately 8,100, 9,000 and 4,300 projects, respectively, and the total contract sum for the above projects amounted to approximately HK\$275.0 million, HK\$317.0 million and HK\$141.0 million, respectively. The total contract value of sales orders in the backlog as at 30 September 2015 was approximately HK\$26.3 million. As our Group's sales orders are short-term, sales orders in the backlog as at 30 September 2015 have been substantially recognised as revenue as at the Latest Practicable Date.

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The following table sets out our five largest customers for the year ended 31 March 2014:

Customer	Background	Revenue from the customer (HK\$' million)	Approximate percentage of our Group's total revenue (%)	Year(s) of relationship with our Group as at the Latest Practicable Date (approximately)
Customer A	A mobile communication provider in Hong Kong	18.9	6.9	10
Customer B	A Government department	11.7	4.3	16
Customer C	A Government body in Hong Kong	7.6	2.8	15
Customer D	A tertiary education institution in Hong Kong	7.6	2.7	14
Customer E	A tertiary education institution in Hong Kong	6.7	2.4	15
Total		52.5	19.1	

The following table sets out our five largest customers for the year ended 31 March 2015:

Customer	Background	Revenue from the customer (HK\$' million)	Approximate percentage of our Group's total revenue (%)	Year(s) of relationship with our Group as at the Latest Practicable Date (approximately)
Customer D	A tertiary education institution in Hong Kong	13.2	4.2	14
Customer I	A tertiary education institution in Hong Kong	11.5	3.6	15
Customer B	A Government department	8.8	2.8	16
Customer E	A tertiary education institution in Hong Kong	7.6	2.4	15
Customer J	An IT company in Denmark	6.9	2.1	2
Total		48.0	15.1	

BUSINESS

The following table sets out our five largest customers for the six months ended 30 September 2015:

Customer	Background	Revenue from the customer (HK\$' million)	Approximate percentage of our Group's total revenue (%)	Year(s) of relationship with our Group as at the Latest Practicable Date (approximately)
Customer D	A tertiary education institution in Hong Kong	7.4	5.2	15
Customer B	A Government department	5.1	3.6	16
Customer K	A global corporate and investment bank	4.5	3.2	10
Customer E	A tertiary education institution in Hong Kong	4.0	2.8	15
Customer I	A tertiary education institution in Hong Kong	2.9	2.0	15
Total		23.9	16.8	

For each of the two years ended 31 March 2014 and 2015 and for the six months ended 30 September 2015, the revenue generated from our five largest customers amounted to approximately HK\$52.5 million, HK\$48.0 million and HK\$23.9 million, respectively, which accounted for approximately 19.1%, 15.1% and 16.8%, respectively, of our total revenue for the relevant year/period. The revenue generated from our single largest customer accounted for approximately 6.9%, 4.2% and 5.2%, respectively, of our total revenue for each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, respectively. Our Directors believe that our Group is not threatened by concentration risk in relation to any single customer.

All of our five largest customers during the Track Record Period are Independent Third Parties.

Our Directors confirm that none of our Directors, their respective close associates or, so far as our Directors are aware, any of our existing Shareholders who own more than 5.0% of the share capital of our Company, have any interest in any of the five largest customers of our Group during the Track Record Period.

Sales and marketing

We have established and maintained an efficient sales model since the CE Purchasers obtained control of Expert HK in September 2004. Under this sales model, we have an outside sales department and an inside sales department. Our outside sales department is divided into (a) a private sector sales team, which serves international and local business enterprises across different industries; and (b) a public sector sales team, which is further divided into two divisions, with one serving the Government sub-sector and the other serving the education institutions and NGOs sub-sector.

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Our outside sales department is primarily responsible for generating revenue, particularly to identify and secure new large scale and/or high skilled IT infrastructure solutions projects, as well as building and maintaining relationships, with our existing and potential customers. Their job duties mainly include (a) meeting with customers to discuss their IT requirements; (b) preparing solution design proposals and tender proposals or negotiating contract terms with our customers; and (c) participating in sales and marketing activities to better understand the needs of our customers and keep our customers abreast of the latest IT developments.

On the other hand, our inside sales department is primarily responsible for (a) handling project administration work such as coordinating with other departments on order placing and logistics and monitoring project schedule to provide support to our outside sales staff; and (b) directly dealing with existing customers for certain improvements or upgrades of their existing IT infrastructure solutions, whether such existing solutions were implemented by our Group or other service providers. Our inside sales department is not responsible for approaching potential customers for business opportunity.

We normally assign one outside sales staff and one inside sales staff to serve each of our customers. Such arrangement reduces our response time to customers, which helps to raise customer satisfaction.

Further, we hold workshops, seminars and talks to introduce new technologies or product updates to our existing and new customers on a monthly basis or when new product or technology is launched. We normally make telephone calls on a weekly basis or pay visits once every two months to our existing customers to strengthen our relationships with them. These strategies not only enable us to demonstrate our capabilities and enhance customer loyalty and satisfaction, but also help us to secure new orders from existing customers and/or potential customers.

As at the Latest Practicable Date, our Group's outside sales department and inside sales department had 31 and 13 staff, respectively, with all of them located in Hong Kong.

Our business development department is primarily responsible for planning, designing, organising, implementing and monitoring our marketing activities to acquire new customers or new projects from existing customers, strengthening the relationship with our suppliers as well as building and promoting our brand awareness. As at the Latest Practicable Date, our Group's business development department had three staff, with all of them located in Hong Kong.

Our IT infrastructure solutions provided to our customers are identified through our sales and marketing activities, bidding in open tenders, invitation for bid, recurring customers or referrals. The terms for each project are directly negotiated between our sales staff and individual customers. No rebates were given to any customers by our Group during the Track Record Period.

For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, revenue generated from our recurring customers amounted to approximately HK\$213.4 million, HK\$260.6 million and HK\$118.1 million, respectively, which comprised approximately 77.7%, 82.2% and 83.6% of our total revenue for the respective periods. These recurring customers are those whom we have provided services to in the previous financial year/period.

BUSINESS

To our best knowledge, during the Track Record Period, the majority of our revenue was generated from projects secured through bidding, which includes open tenders and invitation for bid, while the remaining revenue was generated from projects where we provided our quotations of services to our customers.

For each of the two years ended 31 March 2014 and 2015, our Group served over 1,000 customers and completed approximately 8,100 and 9,000 projects, respectively. We served over 800 customers and completed approximately 4,300 projects for the six months ended 30 September 2015. Given the number of the projects handled by our Company and the number of customers our Company served annually, we were unable to keep track of the bidding success rates during the Track Record Period.

We adopt a sales incentive scheme for our sales staff. In addition to the basic monthly salary, our sales staff are generally entitled to a sales commission which is calculated by reference to, among others, the gross profit derived from the orders and projects handled by them. For details of our employees' benefit schemes, please refer to the paragraph headed "Our Employees" in this section.

We market our brand and services through workshops, seminars, talks, exhibitions, luncheons, recreational activities and telephone and email marketing. These activities allow our Group to demonstrate our capabilities and to build and maintain our relationships with our existing suppliers and existing or potential customers.

OUR SUPPLIERS

The IT infrastructure solutions we provide to our customers include procurement of hardware and/or software from our third party suppliers. Our suppliers include prominent international and local hardware and/or software manufacturers and distributors. We normally source our products from our manufacturer suppliers directly or through their authorised distributors on project basis.

We are the authorised resellers of most of our manufacturer suppliers in Hong Kong and/or Macau and for those manufacturer suppliers which we are not their authorised resellers, their products such as printers, scanners, server rack and certain software can be purchased from their distributors. Most of our manufacturer suppliers are major hardware and/or software manufacturers in the global market. Our working relationships with many of these manufacturer suppliers have lasted for more than 10 years. The resellership programmes with our manufacturer suppliers normally operate on four levels, with first-tier being the highest level. To achieve first-tier or second-tier ranking, the authorised resellers are typically required to (a) meet certain performance targets each year; (b) possess extensive technical capabilities and product knowledge; and (c) have a good market reputation. Although no compensation or penalty would be imposed by our manufacturer suppliers on us should we fail to meet certain performance targets in any year, our ranking as authorised reseller of such manufacturer suppliers could be affected. Accordingly, only a limited number of resellers in Hong Kong and Macau have been recognised as first-tier or second-tier authorised resellers by these manufacturer suppliers.

During the Track Record Period and up to the Latest Practicable Date, we were the first-tier or second-tier resellers for many of our principal manufacturer suppliers. We were able to obtain first-tier or second-tier ranking primarily due to (a) our dedication and success in marketing our principal manufacturer suppliers' products, which is demonstrated by the numerous awards which we have received from them; (b) our dedicated and experienced sales and technical staff who possess extensive technical capabilities and product knowledge accumulated through participating in continual

trainings and workshops offered by these manufacturer suppliers and our 30 years of operating history; and (c) our strong reputation in delivering high quality and comprehensive services to our customers.

Through the resellership programmes with many of our manufacturer suppliers, we are given various resources and support by these manufacturer suppliers. The extent of resources and support given to us largely depends on the policies of and our ranking with these manufacturer suppliers. In general, we have direct access to the sales and technical teams as well as the knowledge database of these manufacturer suppliers to assist us with any issue or difficulty that we may encounter. We receive funding and technical support from these manufacturer suppliers for organising our sales and marketing activities. We also receive cash incentives from these manufacturer suppliers for achieving certain performance targets. For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, our Group received cash incentives from these manufacturer suppliers in the sum of approximately HK\$5.0 million, HK\$7.2 million and HK\$4.2 million, respectively. Further, we can participate in the trainings and workshops offered by these manufacturer suppliers to keep us abreast of their products and the latest IT developments in the market. As at the Latest Practicable Date, our sales and technical staff obtained over 100 certifications and accreditations by completing the trainings and workshops given by these manufacturer suppliers. Some of these certifications such as VMware Certified Advanced Professional Data Center Design 5 and HP Accredited Solutions Expert Server Solutions Architect V8 are highly specialised as less than 30 individuals in Hong Kong have been awarded such certifications as at 25 November 2015. Our close collaboration with many of our manufacturer suppliers has not only deepened our understanding of the features and functionalities of IT products, but has also helped us to acquire advanced and extensive skills and knowledge in the latest IT technologies. Extensive technical capabilities, together with years of experience in provision of IT infrastructure solutions, have enabled our Group to better grasp the needs of our customers and to provide productive, comprehensive and high quality IT infrastructure solutions that cater to the specific IT requirements of our customers in a timely and cost-effective manner.

We normally place orders with our suppliers on project basis and only keep a minimal level of inventories. The products sourced from our suppliers are usually kept in our warehouse for a short period of time before delivery to our customers. During the Track Record Period, we did not experience any shortage or delay in supply of hardware and software which significantly affected our business.

Supplier selection

Due to the nature of the IT infrastructure solutions industry, each product or service may only be offered by a handful of manufacturers and/or their authorised distributors, minimising our choice of manufacturer suppliers and distributor suppliers. We identify prospective manufacturer suppliers and distributor suppliers through various means including attending conferences and exhibitions, referrals from customers, other manufacturer suppliers or distributor suppliers and searching publicly available information on the Internet. Given our long operating history and our strong working relationships with our suppliers, potential manufacturer suppliers and distributor suppliers would also approach us directly.

Manufacturer suppliers' policies determine whether we should contact such suppliers directly or through their authorised distributors, which are usually limited to a handful. In cases where we are required to directly contact the authorised distributors, we typically select distributor suppliers based on their (a) service quality; (b) incentive programs; and (c) credit terms. We normally select manufacturer suppliers based on a number of factors, including (a) whether their visions and

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directions align with current IT trends; (b) whether they have any local presence in Hong Kong and Macau; (c) whether their products satisfy our customers' needs; (d) their market share and reputation; (e) their product quality; (f) the level of support and resources available to our Group such as pre-sales and after-sales services; (g) the possibility of us being appointed as their first-tier or second-tier resellers; (h) their incentive programs; and (i) their credit terms.

Our five largest suppliers include international and local IT manufacturers and distributors of hardware and/or software.

The following table sets out our five largest suppliers for the year ended 31 March 2014:

Supplier	Background	Transaction amounts (HK\$' million)	Approximate percentage of our Group's cost of sales (%)	Year(s) of relationship with our Group as at the Latest Practicable Date (approximately)
Supplier A	IT products distributor	46.1	19.1	15
Supplier B	IT products distributor	43.0	17.8	16
Supplier C	Multinational hardware manufacturer	17.8	7.4	15
Supplier D	IT products distributor	17.6	7.3	15
Supplier E	Multinational hardware manufacturer	17.5	7.3	10
Total		142.0	58.9	

The following table sets out our five largest suppliers for the year ended 31 March 2015:

Supplier	Background	Transaction amounts (HK\$' million)	Approximate percentage of our Group's cost of sales (%)	Year(s) of relationship with our Group as at the Latest Practicable Date (approximately)
Supplier B	IT products distributor	57.9	21.2	16
Supplier A	IT products distributor	56.9	20.9	15
Supplier D	IT products distributor	26.9	9.8	15
Supplier E	Multinational hardware manufacturer	20.1	7.4	10
Supplier C	Multinational hardware manufacturer	19.7	7.2	15
Total		181.5	66.5	

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The following table sets out our five largest suppliers for the six months ended 30 September 2015:

Supplier	Background	Transaction amounts (HK\$' million)	Approximate percentage of our Group's cost of sales (%)	Year(s) of relationship with our Group as at the Latest Practicable Date (approximately)
Supplier B	IT products distributor	29.5	24.9	16
Supplier A	IT products distributor	26.0	21.9	15
Supplier E	Multinational hardware manufacturer	13.0	11.0	10
Supplier D	IT products distributor	9.7	8.2	15
Supplier C	Multinational hardware manufacturer	6.0	5.0	15
Total		84.2	71.0	

Besides Suppliers A, B and D who are the distributor suppliers of our Company, we are the first-tier authorised reseller of each of Suppliers C and E. Being the first-tier or second-tier authorised resellers, we have been given various resources and support by our manufacturer suppliers, and in general, we would have direct access to sales and technical teams as well as the knowledge database of these manufacturer suppliers to assist us with any issue or difficulty that we may encounter in implementation of our IT infrastructure solutions projects. Our close collaboration with our manufacturer suppliers has enabled us to acquire advanced and extensive skills and knowledge in the latest IT technologies. As a result, we are capable of delivering more customer-specific, productive and high quality IT infrastructure solutions to meet the ever-changing IT requirements of our customers in a timely and cost-efficient manner, thereby allowing us to strengthen our relationships with existing customers and attract business from new customers. As our business relies heavily on our ability to provide high quality IT infrastructure solutions that suit the specific needs of our customers, failure to be retained as authorised resellers by our major manufacturer suppliers of hardware and/or software may reduce our competitiveness, increase our purchase cost and hence decrease our gross profit margin and affect our profitability. Some of our suppliers have implemented incentive programmes to reward their business partners, including us, upon achievement of certain performance targets. Please refer to the paragraph headed "Incentive program" in this section for details.

For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, the total purchases made from our five largest suppliers amounted to approximately HK\$142.0 million, HK\$181.5 million and HK\$84.2 million, respectively, which accounted for approximately 58.9%, 66.5% and 71.0%, respectively, of our total cost of sales for the relevant year/period. The purchases from our single largest supplier accounted for approximately 19.1%, 21.2% and 24.9%, respectively, of our total cost of sales for each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015.

All of our five largest suppliers during the Track Record Period are Independent Third Parties. Our Directors confirm that none of our Directors, their respective close associates, or so far as our Directors are aware, any of our existing Shareholders who own more than 5.0% of the share capital of our Company, has an interest in any of our five largest suppliers during the Track Record Period.

Credit term

Our suppliers generally grant us credit terms ranging from 30 days to 90 days. We usually settle payments to our suppliers by cheque or bank transfer.

Incentive program

Some of our suppliers have implemented incentive programmes to reward their business partners, including us, upon achievement of the performance targets on certain models and types of products. These programmes vary from time to time based on the then market conditions and the respective sale and marketing strategies of our suppliers in order to encourage more purchases from business partners.

Supplier agreement

Save as the reseller agreements disclosed below, our Group did not enter into any long term arrangements with our suppliers during the Track Record Period.

We make purchase orders with our suppliers on project basis. The purchase orders prepared by us typically contain a detailed breakdown of the products to be purchased by us, the credit term and the original product warranties rendered by our manufacturer suppliers for the hardware and/or software which they supply. The prices of the hardware and/or software are normally set by our manufacturer suppliers, regardless of whether the purchase orders are made by us with them or with their authorised distributors. We may negotiate directly with our manufacturer suppliers for more favourable rates if we are their first-tier or second-tier authorised resellers.

Reseller agreements

We have entered into reseller agreements with a term typically ranging from one year to three years with many of our manufacturer suppliers. These manufacturer suppliers are major manufacturers of hardware and/or software in the global market. The terms of the reseller agreements vary, and in most cases, mainly include (a) non-exclusive right to resell; (b) type of products; (c) geographical coverage; (d) original product warranties; (e) intellectual properties rights; (f) termination and renewal; (g) indemnification and limitation of liability; and (h) confidentiality.

We are authorised to sell a wide variety of hardware and/or software of our manufacturer suppliers ranging from server, storage system, system with hyper-convergence, high performance computing system with over a hundred of central processing units, software such as operating system, virtualisation, software defined networking and software defined data centre, enterprise-graded network device, advanced information security device to desktop, tablet to even rack and cable. Under most of the reseller agreements with our manufacturer suppliers, there is no exhaustive list of products which our Company is authorised to sell.

Under some incentive programmes implemented by our manufacturer suppliers, certain targets on (a) total revenue generated from sales of their products over a period of time; (b) total number of their products sold over a period of time; or (c) number of sales on certain models and types of

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products, would be set by our manufacturer suppliers. Such targets vary with different manufacturer suppliers. Failure to meet the performance targets in any year set by our manufacturer suppliers would not result in any compensation or penalty on our part; however, it may affect our ranking as the authorised reseller of such manufacturer suppliers. Decrease in ranking would reduce the resources and support offered by our manufacturer suppliers to us on an ongoing basis. Further, rewards from incentive program implemented by our manufacturer suppliers would be reduced and our cost of sales would increase.

OUTSOURCING

Whilst we have a team of in-house technical staff to carry out the implementation and integration work of our IT infrastructure solutions projects, we outsource to sub-contractors (including our suppliers in some circumstances) certain implementation work such as hardware installation and wiring work that requires broad level of skills but large labour force and certain specialised software implementation, configuration and/or customisation work. We outsource such work to our sub-contractors (including our suppliers in some circumstances) because we consider that: (a) this minimises our need to employ a large workforce and special skilled labour in certain specialised areas; and (b) this increases our flexibility and cost effectiveness in carrying out the projects.

We also outsource maintenance work such as extended product warranties as required by some of our customers upon the lapse of the original product warranties offered by our manufacturer suppliers to our suppliers or our sub-contractors as such work does not form part of our principal business activities.

For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, our cost of outsourcing services amounted to approximately HK\$26.1 million, HK\$29.6 million and HK\$15.4 million, respectively, which accounted for approximately 9.5%, 9.3% and 10.9%, respectively, of our revenue for the relevant year/period.

The table below illustrates the proportion of the number of our IT infrastructure solutions projects of which we (a) engaged Independent Third Parties as sub-contractors; (b) engaged ServiceOne Group as sub-contractor; and (c) did not engage any sub-contractor during the Track Record Period:

	For the year ended 31 March 2014		2015		For the six months ended 30 September 2015	
	Number of projects	% of the total number of projects (approximately)	Number of projects	% of the total number of projects (approximately)	Number of projects	% of the total number of projects (approximately)
Independent Third Party sub-contractors being engaged	2,004	24.7	2,613	29.2	1,345	31.0
ServiceOne Group being engaged as sub-contractor	421	5.2	452	5.0	250	5.8
No sub-contractors being engaged	5,687	70.1	5,906	65.8	2,742	63.2
Total	8,112	100.0	8,971	100.0	4,337	100.0

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The table below illustrates the proportion of the contract value of our IT infrastructure solutions projects with (a) Independent Third Parties engaged as sub-contractors; (b) ServiceOne Group engaged as sub-contractor; and (c) no sub-contractors engaged during the Track Record Period:

	For the year ended 31 March 2014		2015		For the six months ended 30 September 2015	
	Contract value (HK\$'000)	% of our total revenue (approximately)	Contract value (HK\$'000)	% of our total revenue (approximately)	Contract value (HK\$'000)	% of our total revenue (approximately)
Independent Third Party sub-contractors being engaged	111,897	40.8	140,817	44.4	47,433	33.6
ServiceOne Group being engaged as sub-contractor	14,149	5.1	25,429	8.0	10,006	7.1
No sub-contractors being engaged	148,743	54.1	150,756	47.6	83,862	59.3
Total	274,789	100.0	317,002	100.0	141,301	100.0

Our IT infrastructure solutions typically involve six stages. We normally outsource certain implementation work and maintenance work to our sub-contractors. We outsource to our sub-contractors certain specialised software implementation, configuration and/or customisation work and certain hardware installation and wiring work to minimise our need to employ a large workforce and special skilled labour and to increase our flexibility and cost effectiveness in carrying out our projects. We outsource maintenance work such as extended product warranties to our sub-contractors (including our suppliers in certain circumstances) because they do not form part of our principal business activities. Since we only outsource the highly-specialised and labour intensive implementation work and maintenance work, which form a relatively small part of our projects, to our sub-contractors and we do not charge these services separately to our customers, the above tables analysing our total revenue are not the only means in assessing the extent of our reliance on our sub-contractors. As such, the table below illustrates the extent of our reliance on sub-contractors or ServiceOne Group as a percentage of our cost of sales:

	For the year ended 31 March 2014		2015		For the six months ended 30 September 2015	
	HK\$'000	% (approximately)	HK\$'000	% (approximately)	HK\$'000	% (approximately)
Cost of IT hardware and software	214,179	88.9	242,412	88.9	102,835	86.7
Cost of outsourcing services:						
— Independent Third Parties	23,818	9.9	26,836	9.8	13,635	11.5
— ServiceOne Group	2,266	0.9	2,778	1.0	1,750	1.5
Others*	742	0.3	751	0.3	392	0.3
Total cost of sales	241,005	100.0	272,777	100.0	118,612	100.0

* Others mainly comprised of transportation charges for delivering hardware and software to customers, packing charges and insurance charges.

Our working relationships with our major sub-contractors range from two years to 14 years. We have maintained an internal list of approved sub-contractors, which is updated quarterly. During the Track Record Period, around 45 sub-contractors were engaged by our Company. Our Company did not enter into any formal written agreement with any of our sub-contractors for outsourcing arrangement. Terms of our outsourcing arrangements are determined on a case-by-case basis with reference to the specific circumstances of each project. We would obtain quotations from our sub-contractors when such service is required by our customers. We would negotiate and agree with our

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sub-contractors regarding (a) fee quotations; (b) payment method; (c) credit period; (d) scope of services; (e) resources required; and (f) qualification and certification of our sub-contractors. The general terms of our sub-contracting arrangements typically include:

- | | |
|---|--|
| (a) Fee quotations: | Depending on services provided |
| (b) Payment method: | Normally by cheque |
| (c) Credit period: | Normally 30 days |
| (d) Scope of services: | Hardware installation and wiring work, maintenance work, extended product warranties or certain specialised software implementation, configuration and/or customisation work |
| (e) Resources required: | Depending on services provided |
| (f) Qualification and certification of our sub-contractors: | Depending on services provided |

Our Directors consider that we have maintained a good business relationship with our sub-contractors.

Normally, if there is any delay or defect in the work of our sub-contractors, our sub-contractors are ultimately liable for such delay or defect. To manage and monitor the performance of our sub-contractors, we have established a selection and control system as follows:

- to maintain relationships with a number of sub-contractors;
- to closely monitor whether our sub-contractors' performance meets our standards;
- to evaluate our sub-contractors' performance in terms of their efficiency, service quality, responsiveness to our requests and fee levels after completion of each project; and
- to continuously explore potential new sub-contractors.

ServiceOne HK is one of the IT support service providers in the market that provides installation and wiring work, standard software implementation and data migration services as well as maintenance work. During the Track Record Period, ServiceOne HK was one of our sub-contractors to carry out certain implementation work and maintenance work. These transactions constitute continuing connected transactions under the GEM Listing Rules. For details of these continuing connected transactions, please refer to the section headed "Connected Transactions" in this prospectus.

INVENTORY MANAGEMENT

We normally place orders with our suppliers upon confirmation of orders from our customers on a back-to-back basis. This not only gives us the flexibility to sell the latest technologies and solutions to our customers and negotiate the price with our suppliers each time an order is placed, it also

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minimises our risk exposure to obsolete stock as the lifecycle of IT products is normally short, ranging from six to 18 months. During the Track Record Period, we did not experience any shortage or material delay in the supply of hardware and software by our suppliers.

We also keep a minimal level of inventories which are commonly used in our projects in order to save order lead time. As at 31 March 2014 and 2015 and 30 September 2015, our inventories only accounted for approximately 1.8%, 1.7% and 1.6%, respectively, of our total assets, and our inventory turnover days was maintained at a low level of approximately three days during the Track Record Period.

Hardware and/or software purchased by us are usually delivered to our warehouse by our suppliers. Delivery time largely depends on stock availability, with a range normally from three days to six weeks for our suppliers to deliver the products to us. Upon delivery, our procurement and logistics staff will check the products to ensure that they match our orders. The products are usually stored in our warehouse for a short period of time before delivery to our customers.

AWARDS AND RECOGNITIONS

We have received various awards and recognitions from various manufacturer suppliers which we believe are recognitions of our technical capabilities and exceptional performance. These include:

Granted by	Name of award/recognition	Year awarded
Adobe	2014 Top Marketing Execution Reseller of the Year	2015
Dell	Best Performance Partner of the Year Fiscal Year 2015	2015
H3C	2014 Outstanding Growing Partner	2015
HP	Top YoY Growth — Value PC Sell-Thru FY15 (Developed Countries) Hong Kong	2015
HP	Outstanding Joint Business Plan of Year 2014 — Enterprise Group	2015
HP	2014 Top Performing Enterprise Group Reseller — SMB Business	2015
Kaspersky Lab	Achiever, Kaspersky Lab Partner F1 Challenge for 2015	2015
Veeam	Rising Star ProPartner of the Year 2014	2015
VMWare	Hong Kong Partner Award 2015 Winner — Industry Solution Partner of the Year	2015
Dell	Fast Growth Partner of the Year FY2014	2014
HP	FY2013 Top Performing Enterprise Group Reseller — Technology Service	2014
HP	HP ExpertOne Skills Achievement Award	2014

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Granted by	Name of award/recognition	Year awarded
VMWare	Hong Kong Partner Award 2014 Winner — End User Computing Partner of the Year	2014
Cisco	FY2013 Highest Growth Indirect Partner	2013
HP	FY2012 Top Performing Enterprise Group Platinum Partners — Industry Standard Server & Technology Service	2013
Symantec	The Best Partner for Backup Exec Appliance for 2013	2013

To the best of our Directors' knowledge, each of the awards and recognitions set out in the table above was only awarded to less than five authorised resellers of the respective manufacturer suppliers.

MARKET AND COMPETITION

The IT infrastructure solutions industry in Hong Kong is highly competitive and fragmented, with no dominant player in the industry. In 2014, there were over 1,400 IT infrastructure solutions providers in Hong Kong, of which the majority of them were small companies.

According to Ipsos, barriers to entry of the IT infrastructure solutions industry include unestablished reputation, lack of business relationship with renowned IT products suppliers and lack of skilled IT talents.

Please refer to the paragraph headed "Competitive Analysis of the IT Infrastructure Solutions Industry in Hong Kong" in the section headed "Industry Overview" in this prospectus for details.

OUR EMPLOYEES

As at the Latest Practicable Date, we had a total of 74 full-time employees, all of whom were located in our Hong Kong Office. The following table sets out the number of our employees by functional area:

	Number of employees
Management	7
Outside sales	31
Inside sales	13
Business development	3
Technology services	10
Procurement and logistics	7
Finance	2
Human resources and administration	1
Total	74

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We recruit our employees based on a number of factors such as work experience, educational background, qualifications or certifications possessed and vacancy. We may recruit our employees by advertising on websites.

We aim to fill our senior management team with internal staff. Therefore, when we make hiring decisions for senior positions, we usually give preference to existing employees who are considered eligible for being promoted to such positions. If no suitable candidate is identified within our Group for such positions, we will use online recruitment websites to distribute information about the vacancies. During the Track Record Period, we did not engage any human resources agency for recruitment purposes. As a result of our efforts on talent retention, most of our members in the management team have served us for over 10 years.

We also strive to train and retain talented employees through a comprehensive training process, and offer career development opportunities to our employees. On-the-job training will be provided to our new employees. We also collaborate with our suppliers to organise training sessions, seminars and sharing sessions about the features, functions, operations and/or sales and marketing strategies about their new products and/or the latest technology for our employees.

We conduct yearly reviews on our employees, and offer performance-based salaries and bonuses. We believe that these initiatives have contributed to greater motivation for our employees.

The remuneration package for our employees generally includes salary, commission and/or discretionary bonus. In addition, our sales staff are generally entitled to a commission which is calculated by reference to, among others, the gross profit derived from the orders and projects handled by them. Our employees also receive welfare benefits, including medical care, study allowance, marriage and compassionate leaves and occupational injury insurance. We participate in the mandatory provident fund scheme prescribed by the Mandatory Provident Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our employees in Hong Kong, and we have made the relevant contributions in accordance with the aforesaid laws and regulations.

Our staff cost, including wages, salaries and other employee's benefits, amounted to approximately HK\$20.5 million, HK\$24.4 million and HK\$13.4 million for each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, respectively, which accounted for approximately 7.5%, 7.7% and 9.5%, respectively, of our revenue for the relevant year/period.

Health and occupational safety

We place strong emphasis on the health and safety of our employees in our operation. We provide our employees with guidance from time to time on work safety to ensure that all of our employees are abreast of our safety procedures and policies, which include guidelines for safety management and proper installation and usage of IT products.

During the Track Record Period, we did not have any work injury incidents. As at the Latest Practicable Date, there was no outstanding or pending claim of work injury from our employees.

REGULATORY COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we have obtained all the relevant approvals, permits, licences and certificates that are required for conducting our businesses in Hong Kong and Macau.

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Our Directors confirm that save as disclosed below, which our Directors consider will not have a material adverse impact on our operation and financial results, our Group has complied with all applicable laws and regulations in the jurisdictions in which it operates in all material respects during the Track Record Period and up to the Latest Practicable Date.

Non-compliance with the Inland Revenue Ordinance

During the Track Record Period, our Group inadvertently breached the Inland Revenue Ordinance. Details of the historical non-compliance incidents are set out in the table below:

Relevant section of the ordinance	Particulars of the non-compliance	Reason for the non-compliance	Remedial action	Estimated/ actual fine/penalty
Non-compliance with section 52(4) of the Inland Revenue Ordinance	Failure to submit the notice (Form 56E) regarding commencement of employment of all employees (based on our Group's record kept for the recent seven years, a total of 96 employees of our Group were involved) which is required to be filed within three months after the commencement of employment of such employee until 12 July 2015.	The omission was not wilful and due to the inadvertent oversight of the administrative staff responsible for employee records.	The relevant notices for all employees of our Group who commenced employment on or after 13 July 2015 were duly filed within the prescribed time limit.	<p>Under the Inland Revenue Ordinance, the maximum penalty for each offence is HK\$10,000.0. As advised by our Legal Counsel, section 80(3) of the Inland Revenue Ordinance stipulates that the time limit of prosecution of this kind of default is either in the year of assessment in respect of or during which the offence was committed or within 6 years after the expiration thereof.</p> <p>Accordingly, a total maximum penalty of HK\$960,000.0 may be imposed on our Group in respect of this non-compliance issue.</p> <p>As advised by our Legal Counsel, having considered that the offence is inadvertent by nature, there appears to be no taxative repercussions arising from the non-compliance and there is no evidence showing any scheme of our Group to avoid or diminish its tax liability, our Legal Counsel is of the view that the likelihood of the IRD instituting prosecution against our Group for the non-compliance is minimal. Our Legal Counsel also advised that prosecution under non-compliance with section 52(4) of the Inland Revenue Ordinance is rare in general.</p>

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Relevant section of the ordinance	Particulars of the non-compliance	Reason for the non-compliance	Remedial action	Estimated/ actual fine/penalty
Non-compliance with section 52(5) of the Inland Revenue Ordinance	Late submission of the notice (Form 56F) regarding cessation of employment of all employees (based on our Group's record kept for the recent seven years, a total of 103 ex-employees of our Group were involved) which is required to be filed within one month before the expected date of departure of such employee until 12 September 2015.	The omission was not wilful and was due to inadvertent oversight of the administrative staff responsible for employee records.	The relevant notices for all employees of our Group who ceased employment on or after 13 September 2015 were duly filed within the prescribed time limit.	<p>Under the Inland Revenue Ordinance, the maximum penalty for each offence is HK\$10,000.0. As advised by our Legal Counsel, section 80(3) of the Inland Revenue Ordinance stipulates that the time limit of prosecution of this kind of default is either in the year of assessment in respect of or during which the offence was committed or within six years after the expiration thereof. Accordingly, a total maximum penalty of HK\$1,030,000.0 may be imposed on our Group in respect of this non-compliance issue.</p> <p>As advised by our Legal Counsel, having considered that the offence is inadvertent by nature, there appears to be no taxative repercussions arising from the non-compliance and there is no evidence showing any scheme of our Group to avoid or diminish its tax liability, our Legal Counsel is of the view that the likelihood of the IRD instituting prosecution against our Group for the non-compliance is minimal. Our Legal Counsel also advised that prosecution under non-compliance with section 52(5) of the Inland Revenue Ordinance is rare in general.</p>

During the Track Record Period and up to the Latest Practicable Date, there has not been any prosecution initiated against our Group or our officers, nor has any of them been subject to any fine or penalty relating to the non-compliance incidents. Based on the advice of our Legal Counsel, our Directors are of the view that the likelihood of our Group or our officers being prosecuted, fined or penalised as a result of the non-compliance incidents is minimal. Consequently, no provision has been made in our financial statements in respect of the potential liabilities of the non-compliance incidents. Nevertheless, to further protect the interests of our Company and our Shareholders as a whole, our Controlling Shareholders have executed a deed of indemnity in favour of our Group pursuant to which our Controlling Shareholders have irrevocably undertaken, to fully indemnify our Group, on a joint and several basis, against all claims, actions, demands, proceedings, losses, liabilities, damages, costs, charges, fees, expenses, penalties, fines and taxation which any member of our Group may suffer, sustain or incur or which may be commenced, brought or instituted against any member of our Group arising from, as a result of or in connection with any non-compliance with applicable laws, rules or regulations by any member of our Group on or before the date on which the conditions stated in the paragraph headed “Conditions of the Placing” in the section headed “Structure and Conditions of the Placing” in this prospectus are fulfilled. For further details of the indemnities given by our Controlling Shareholders, please refer to the paragraph headed “12. Estate duty, tax and other indemnities” in Appendix IV to this prospectus.

Internal control measures to prevent recurrence of non-compliance incidents

In order to prevent the recurrence of the non-compliance incidents and to continuously improve our corporate governance, we have, based on the enhanced measures recommended by the Internal Control Consultant, designated our human resources and administration department to be responsible for the preparation and submission of Form 56E and Form 56F to the Commissioner of Inland Revenue in accordance with the requirements of the Inland Revenue Ordinance. The head of our human resources and administration department will ensure that any required Form 56E and Form 56F are submitted within the prescribed time limit to avoid any non-compliance in the future.

Having considered that:

- the non-compliance incidents are not material in nature, and since our Group has duly filed with the Inland Revenue Department the relevant employer's returns of remuneration and pensions (Form 56B) in respect of the subject employees, the Inland Revenue Department was considered to be kept informed of the employment affairs of our Group despite our failure to file Forms 56E and Forms 56F;
- the non-compliance incidents were merely inadvertent and were not wilful, and did not involve any fraudulency or dishonesty on the part of our Directors or impugn on their integrity or competence; and
- upon noticing the non-compliance incidents, our Directors fulfilled their fiduciary duties and took remedial actions immediately, including the due filing of the relevant notices for all employees of our Group who commenced employment on or after 13 July 2015 and all employees who ceased employment on or after 13 September 2015, and the full adoption of the enhanced internal control measures recommended by the Internal Control Consultant to prevent the recurrence of similar non-compliance incidents in the future and to strengthen our corporate governance,

our Directors and the Sponsor are of the view that the non-compliance incidents do not affect the suitability of our Directors to act as directors of a listed issuer under Rules 5.01 and 5.02 of the GEM Listing Rules nor our suitability for listing under Rule 11.06 of the GEM Listing Rules.

INTERNAL CONTROL

It is the responsibility of our Board to ensure that we maintain sound and effective internal control systems to safeguard our Shareholders' investments and our assets at all times. In preparation of the Listing, we have appointed the Internal Control Consultant, an Independent Third Party, to undertake a review of the adequacy and effectiveness of our internal control systems, including the areas of corporate governance practices, connected transactions and compliance with the GEM Listing Rules and other regulations, treasury management, financial reporting, intellectual property, information technology and risk management. The Internal Control Consultant performed the internal control review in September 2015. Upon completion of such review, the Internal Control Consultant identified a number of findings in relation to our internal control policies and procedures. The major findings, together with the internal control enhanced measures based on the recommendations from the Internal Control Consultant, are set out in the table below:

Major Findings	Enhanced Measures
Lack of formal and written risk management policies and procedures in place.	We should adopt a written policy of risk assessment "Risk Assessment and Internal Control" and conduct an annual risk assessment.
Absence of any formal agreement in relation to the transactions made between our Group and our connected person as well as any declaration of interests in the board minutes approving such connected transactions.	In respect of any connected transaction, our Group and our connected person should enter into a formal agreement setting out the major terms of such transaction. Our management should seek advice from our compliance adviser and/or other professional parties on these connected transactions after Listing when and as necessary, to ensure compliance with the reporting, disclosure and shareholders' approval requirements under the GEM Listing Rules. Each of our Directors should declare his/her interest in the connected transactions proposed and discussed in any board meeting and the interested Director should abstain from voting on the connected transaction of which he/she is interested in to achieve good corporate governance.

We have fully implemented all the internal control enhanced measures recommended by the Internal Control Consultant. The Internal Control Consultant completed a follow-up review in November 2015 on the implementation status of the enhanced measures. The Internal Control Consultant concluded that we had properly implemented all the enhanced measures after the follow-up review.

Having considered that:

- (a) our Group has properly implemented all the recommended internal control enhanced measures based on the follow-up review conducted by the Internal Control Consultant;
- (b) there has not been any recurrence of similar non-compliance incidents after the implementation of the recommended internal control enhanced measures up to the Latest Practicable Date;

BUSINESS

- (c) we have appointed BOSC International Company Limited as our compliance adviser to provide advice to our Directors and management team on matters relating to the GEM Listing Rules;
- (d) each of our Directors attended a training session and received a memorandum setting out the on-going obligations and duties of a director of a company whose shares are listed on the Stock Exchange prepared by the HK Legal Advisers;
- (e) regular training sessions will be arranged for all of our Directors at least on an annual basis in order to develop and refresh their relevant knowledge and skills in relation to the applicable laws, rules and regulations relevant to our operations;
- (f) the audit committee which comprises four independent non-executive Directors and one non-executive Director has been established to, among other things, oversee the financial reporting and auditing functions as well as the internal control procedures of our Group to ensure compliance with the GEM Listing Rules and all relevant laws and regulations;
- (g) the corporate governance committee which comprises one independent non-executive Director, two non-executive Directors and one executive Director has been established, among other things, develop and review our Company's policies and practices on corporate governance and make recommendations to our Board and review and monitor the training and continuous professional development of the directors and senior management of our Company; and
- (h) when consider necessary and appropriate, we will seek professional advice and assistance from independent internal control consultants, external legal advisers and/or other appropriate independent professional advisers with respect to matters related to our internal control and legal compliance,

our Directors and the Sponsor are of the view that the enhanced internal control measures adopted by our Group are adequate and effective in assisting us to enhance our internal control environment and corporate governance.

RISK MANAGEMENT

We have established a set of risk management policies and measures, which have been codified in our policies and adopted by us. The ultimate goal of our risk management policies and measures is to bring focus and effort to the issues in our business operations that create impediments to our success. Our risk management process starts with identifying the major risks associated with our business, industry and market in the ordinary course of our business. For details of our risks, please refer to the section headed "Risk Factors" in this prospectus.

Depending on the likelihood and potential impacts of the relevant risks exposed to us, our management will prioritise the risks and will either take immediate mitigating action, devise contingency plan or conduct periodic review in accordance with the contingency plan. Our Board and senior management are responsible for identifying and analysing the risks associated with their respective function, preparing risk mitigation plans, measuring effectiveness of such risk mitigation plans and reporting status of risk management. (a) Mr. Chan, one of our non-executive Directors, who is responsible for advising on risk management and corporate governance matters of our Group, (b) our audit committee, and (c) ultimately our Board, will supervise the implementation of our risk

management policies and measures. For details on the qualifications and experiences of the members of our corporate governance committee, audit committee and our Board, please refer to the section headed “Directors and Senior Management” in this prospectus.

LITIGATION

As at the Latest Practicable Date, no member of our Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance is known to us to be pending or threatened against any member of our Group.

INSURANCE

We maintain employees’ compensation insurance for our employees that includes work injury under the regulatory requirements in Hong Kong and individual medical insurance for all of our employees in Hong Kong.

It is not general industry practice for IT infrastructure solutions providers to purchase insurance to cover risks associated with service contracts. Accordingly, we have not taken out any of such insurance.

We consider our insurance policies to be adequate and in line with the industry norms. We did not make any material claims on insurance or receive any material third party liability claim during the Track Record Period and up to the Latest Practicable Date.

WORK SAFETY

Our Directors confirm that there were no material accidents, work injuries claims for personal or property damages, compensation to staff or any relevant non-compliance incidents with the relevant laws and regulations during the Track Record Period and up to the Latest Practicable Date.

CONFIDENTIALITY

During the course of our services, we may have access to and be entrusted with information that is confidential in nature, such as information that relates to our customers’ systems, operations, raw data or affairs. We presently rely on various means to protect the confidentiality of our customers’ information, including our internal control manual and the non-disclosure arrangements with our employees.

According to the internal control manual of our Company, access to computers, email system and confidential information stored in our server shall be protected by passwords. Our staff must not share passwords with others at any time and must keep them confidential. We also have a data back-up system through which our back-up data is stored in different locations to reduce the risk of data loss. All confidential information recorded on backup computer media and stored outside the Hong Kong Office and our warehouse must be encrypted if feasible. Access to backup media must be restricted to authorised personnel only. Any data storage media to be disposed should be submitted to IT support team for central processing which is subject to specific wiping or physical destruction in order to prevent unauthorised data recovery from the disposed data storage media. We have also implemented firewall, anti-virus and anti-spam solutions for our IT systems to prevent leakage of confidential information, which are upgraded constantly.

Further, our staff are subject to duty of confidentiality to our Company and our customers pursuant to their employment agreements with our Company. Our staff are required not to disclose any confidential information obtained during the course of our services regarding our customers to any third party and shall not use such confidential information for their own benefit. Some of our customers may require our Company to execute non-disclosure agreements whereby our Company may be subject to a duty of confidentiality to the said customer. Our senior management would monitor the confidentiality obligation imposed on our staff.

INTELLECTUAL PROPERTY

Trademark

As at the Latest Practicable Date, we registered one trademark in Hong Kong. For details, please refer to the paragraph headed “8. Intellectual property rights” in Appendix IV to this prospectus.

Domain names

As at the Latest Practicable Date, we registered two domain names which are material to our operation and business. Details of the domain names are set out in the paragraph headed “8. Intellectual property rights” in Appendix IV to this prospectus.

As at the Latest Practicable Date, we were not aware of any infringement (a) by us of any intellectual property rights owned by any third party; or (b) by any third party of any intellectual property rights owned by us. During the Track Record Period and up to the Latest Practicable Date, there had not been any pending or threatened claims against us, nor had any claims been made by us against third parties, with respect to the infringement of intellectual property rights owned by us or third parties.

Protection against infringement of intellectual property rights

Our Group has established measures to ensure no infringement of third parties' intellectual property rights and compliance with the relevant licensing terms using open source/third party software. Our staff are prohibited from loading of unlicensed software onto any computer of our Group. Any staff who is found to have loaded any unlicensed software onto any computer of our Group will be subject to disciplinary action. Backup copies of software applications must only be made in accordance with the reseller agreements entered between our Company and our manufacturer suppliers.

Our Group only sources licensed hardware and software directly from the manufacturer suppliers and their authorised distributors. These manufacturers are normally the owners of the intellectual property rights in or relating to the hardware and software we sourced and the authorised distributors are permitted to resell those licensed products. Before entering into or renewing any reseller agreements with any manufacturer suppliers, our senior management would check the relevant licensing terms of the agreements to ensure that all the hardware and software our manufacturer suppliers provided to us are properly licensed. Further, we maintain an approved list of suppliers for products we source. This list is subject to annual review. Assessment would be carried out before adding new supplier to the said list. Our inside sales department will conduct certain checks (such as online searches or direct contact with the manufacturer suppliers) to verify whether such new supplier is properly licensed.

BUSINESS

Our inside sales department is responsible for monitoring our compliance with the relevant licensing terms of the reseller agreements. When preparing the design proposal, our staff are required to check and verify with our manufacturer suppliers the kinds of licenses which need to be obtained for our solutions. Our staff in the inside sales department generally check two major areas of the licensing terms: (a) software and hardware compatibility and (b) duration of licenses, following the guidelines provided by our major manufacturer suppliers, which set out the steps our staff should follow to ensure our compliance with the relevant licensing terms of the reseller agreements with our major manufacturer suppliers.

Normally, our staff are prohibited from installing any unlicensed products or products which are not sourced from our Company for our customers. Upon completion of the hardware and/or software implementation and integration and before handover to our customers, our staff are required to check and verify whether all necessary licences of the software and/or hardware have been obtained. Compliance with the relevant licensing terms and delivery of such licences are the pre-determined criteria in the user acceptance test for most of our projects. Further, trainings would be conducted for our staff regarding the intellectual property rights and latest licensing requirements of the products of our manufacturer suppliers. In addition, our Group would notify our manufacturer suppliers if we become aware of any situations where there is any illegal or unauthorised use of the hardware and software.

LEASED PROPERTY

Our Group leased two properties in Hong Kong from the Independent Third Parties. Set out below is a summary of our leased premises as at the Latest Practicable Date:

Tenant(s)	Location	Particulars of occupancy	Duration of the lease	Monthly rental fee	Gross size (approximately)
Expert HK and ServiceOne HK (as joint tenants)	17/F., AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong	Office purposes	3 years commencing on 1 December 2014 and expiring on 30 November 2017 (both days inclusive)	HK\$359,800.0	14,392 square feet
Expert HK	Workshop A, 1/F. and flat roof adjacent thereto of Cheung Lee Industrial Building, 9 Cheung Lee Street, Chai Wan, Hong Kong	Warehouse purposes	3 years commencing on 1 November 2015 and expiring on 31 October 2018 (both days inclusive)	HK\$77,000.0	6,216 square feet

We were using the above leased premises in accordance with the purposes stated in the respective tenancy agreements.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVE

Our business objective is to maintain our position as one of the preferred and trustworthy IT infrastructure solutions providers that specialises in helping corporate and institutional customers to extract maximum value from their IT engagements. We plan to continue to expand our market share and strengthen our market position in Hong Kong by adopting the following business strategies:

- (a) Expanding and training our sales, technical and support workforce;
- (b) Expansion of our IT infrastructure solutions business;
- (c) Strengthening our marketing efforts; and
- (d) Enhancing our management information systems.

Please refer to the paragraph headed “Our Business Strategies” in the section headed “Business” in this prospectus for a detailed description of our business strategies.

IMPLEMENTATION PLANS

In light of the business objectives of our Group, our Group will seek to attain the milestones contained in this paragraph from the Latest Practicable Date to the year ending 31 March 2018. Investors should note that the milestones and their scheduled times for attainment are formulated on the bases and assumptions referred to in the paragraph headed “Bases and Key Assumptions of the Business Plans” in this section. These bases and assumptions are inherently subject to many uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed “Risk Factors” in this prospectus. Our Group’s actual course of business may vary from the business objectives set out in this prospectus. There can be no assurance that the plans of our Group will materialise in accordance with the expected time frame or that the objectives of our Group will be accomplished at all. Our Directors intend to carry out the following implementation plans:

(a) For the period from the Latest Practicable Date to 30 September 2016

Business objective	Implementation plan
Expanding and training our sales, technical and support workforce	<ul style="list-style-type: none">• To recruit suitable candidates as our sales staff and technical staff. New headcount of about three for sales staff, one for technical staff and one for support staff• To provide internal and external continuous professional development programmes to our sales and technical staff
Expansion of our IT infrastructure solutions business	<ul style="list-style-type: none">• To explore and evaluate potential IT infrastructure solutions projects, particularly large scale projects requiring provision of performance bonds given our strategy to expand our IT infrastructure solutions business. For further details, please refer to the paragraph headed “Our Business Strategies” in the section headed “Business” in this prospectus

FUTURE PLANS AND USE OF PROCEEDS

Business objective

Implementation plan

Enhancement of our management information systems

- To review and evaluate our existing management information systems for upgrading

Strengthening our marketing efforts

- To devise, review and evaluate the plan for upgrading our demonstration facilities

(b) For the six months from 1 October 2016 to 31 March 2017

Business objective

Implementation plan

Expanding and training our sales, technical and support workforce

- New headcount of about five for sales staff, one for technical staff and two for support staff
- To provide internal and external trainings and workshops to our sales and technical staff

Expansion of our IT infrastructure solutions business

- To prepare for tender documents for potential IT infrastructure solutions projects which require provision of performance bonds as mentioned above. For further details, please refer to the paragraph headed “Our Business Strategies” in the section headed “Business” in this prospectus

Strengthening our marketing efforts

- To participate in industry exhibition(s)
- To organise seminars and workshops for customers and other business partners
- To organise client relationship events
- To advertise in public electronic media
- To implement the plan for upgrading our demonstration facilities as mentioned above

Enhancement of our management information systems

- To engage a service provider to design upgraded management information systems for the purpose of enhancing the efficiency, capacity and functionality of the systems including our sales ordering system as well as inventory and logistics system which will reduce manual procedure, and improve the accuracy and timeliness of our management information

FUTURE PLANS AND USE OF PROCEEDS

(c) For the six months from 1 April 2017 to 30 September 2017

Business objective	Implementation plan
Expanding and training our sales, technical and support workforce	<ul style="list-style-type: none"> • New headcount of about five for sales staff and one for technical staff • To provide internal and external continuous professional training programmes to our sales and technical staff
Expansion of our IT infrastructure solutions business	<ul style="list-style-type: none"> • To secure IT infrastructure solutions projects which require provision of performance bonds as mentioned above. For further details, please refer to the paragraph headed "Our Business Strategies" in the section headed "Business" in this prospectus
Enhancement of our management information systems	<ul style="list-style-type: none"> • To conduct integration and implementation of the upgraded management information systems and perform trial run
Strengthening our marketing efforts	<ul style="list-style-type: none"> • To participate in industry exhibition(s) • To organise seminars and workshops for customers and other business partners • To organise client relationship events • To advertise in public electronic media

(d) For the six months from 1 October 2017 to 31 March 2018

Business objective	Implementation plan
Expanding and training our sales, technical and support workforce	<ul style="list-style-type: none"> • New headcount of about five for sales staff, two for technical staff and one for support staff • To provide internal and external continuous professional training programmes to our sales and technical staff
Expansion of our IT infrastructure solutions business	<ul style="list-style-type: none"> • To secure IT infrastructure solutions projects which require provision of performance bonds as mentioned above. For further details, please refer to the paragraph headed "Our Business Strategies" in the section headed "Business" in this prospectus

FUTURE PLANS AND USE OF PROCEEDS

Business objective

Implementation plan

Strengthening our marketing efforts

- To participate in industry exhibition(s)
- To organise seminars and workshops for customers and other business partners
- To organise client relationship events
- To advertise in public electronic media
- To continue upgrading our demonstration facilities

BASES AND KEY ASSUMPTIONS OF THE BUSINESS PLANS

The business objectives set out by our Directors are based on the following bases and assumptions:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no change in the funding requirement for each of the implementation plans described under the paragraph headed “Implementation Plans” in this section from the amount as estimated by our Directors;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the business or operations of our Group;
- our Group will not be materially affected by the risk factors as set out under the section headed “Risk Factors” in this prospectus;
- our Group will be able to retain key staff in the management and the main operational departments; and
- our Group will be able to continue our operation in substantially the same manner as our Group had been operated during the Track Record Period and our Group will also be able to carry out our development plans without disruptions adversely affecting our operations or business objectives in any way.

FUTURE PLANS AND USE OF PROCEEDS

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Placing of the Placing Shares will enhance the capital base of our Group and provide our Group with additional working capital to implement the future plans set out in the paragraph headed “Our Business Strategies” in the section headed “Business” in this prospectus.

USE OF PROCEEDS

Our Directors intend to apply the net proceeds from the Placing to finance the business expansion and capital expenditure and strengthen the capital base of our Group and improve our Group’s overall financial position. Based on the Placing Price of HK\$0.25 per Placing Share (being the mid-point of the indicative Placing Price range between HK\$0.2 and HK\$0.3 per Placing Share), the net proceeds from the Placing of the Placing Shares, after deducting underwriting fees and estimated expenses in connection with the Placing, are estimated to be approximately HK\$32.2 million. Our Company presently intends to apply such net proceeds from the Placing as follows:

	From the Latest Practicable Date to 30 September 2016 HK\$ (in million)	For the six months ending 31 March 2017 HK\$ (in million)	For the six months ending 30 September 2017 HK\$ (in million)	For the six months ending 31 March 2018 HK\$ (in million)	Total HK\$ (in million)	Approximate percentage of net proceeds (%) (approximately)
Expanding and training our sales, technical and support workforce	0.3	1.3	2.1	3.1	6.8	21.1
Expansion of our IT infrastructure solutions business	—	3.0	3.0	5.0	11.0	34.2
Strengthening our marketing efforts	—	1.0	2.0	3.0	6.0	18.6
Enhancement of management information systems	—	1.9	3.6	—	5.5	17.1
Working capital and general corporate purposes	0.7	0.7	0.7	0.8	2.9	9.0
Total					32.2	100.0

In the event that the Placing Price is set at the high-end or the low-end of the proposed Placing Price range, the net proceeds from the Placing will increase by approximately HK\$9.6 million to raise approximately HK\$41.8 million or decrease by approximately HK\$9.6 million to raise approximately HK\$22.6 million, after deducting Listing-related expenses, respectively. Our Group intends to use the net proceeds based on the percentages disclosed above, regardless of whether the Shares are priced at the high-end or low-end of the proposed Placing Price.

To the extent that the net proceeds from the Placing are not immediately required for the above purposes, it is the present intention of our Directors that such proceeds will be placed on short-term interest bearing deposits with authorised financial institutions in Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board consists of three executive Directors, five non-executive Directors and four independent non-executive Directors.

The information of our Directors is set out as follows:

Name	Age	Position	Roles and responsibilities	Date of appointment as Director	Date of joining our Group
Mr. Wong Chu Kee Daniel (黃主琦)	55	Chairman and non-executive Director	Responsible for providing leadership to our Board and advising on the business strategies of our Group	18 September 2015	22 February 2007
Mr. Lau Wai Kwok (劉偉國)	47	Chief executive officer and executive Director	Responsible for overseeing the business, corporate strategy, long-term planning all-round development and the daily operations of our Group	18 September 2015	24 September 2004
Ms. Lau Tsz Yan (劉紫茵)	43	Executive Director and general sales manager of the outside sales department	Responsible for overseeing and managing the sales team of our Group with respect to our clients in the private sector	15 March 2016	7 October 1996
Mr. So Cheuk Wah Benton (蘇卓華)	42	Executive Director and senior sales manager of the outside sales department	Responsible for overseeing and managing the sales team of our Group with respect to our clients in the public sector	15 March 2016	6 September 2004
Mr. Chu Siu Sum Alex (朱兆深)	55	Non-executive Director	Responsible for providing market and industry knowledge in assisting strategic planning of our Group	15 March 2016	24 September 2004
Mr. Mok Chu Leung Terry (莫柱良)	55	Non-executive Director	Responsible for providing market and industry knowledge in assisting strategic planning of our Group	15 March 2016	24 September 2004
Mr. Cheung Nap Kai (張立基)	56	Non-executive Director	Responsible for providing market and industry knowledge in assisting strategic planning of our Group	15 March 2016	24 September 2004
Mr. Chan Kin Mei Stanley (陳健美)	44	Non-executive Director	Responsible for advising on finance, accounting, risk management and corporate governance matters of our Group	25 November 2015	1 April 2009

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Roles and responsibilities	Date of appointment as Director	Date of joining our Group
Mr. Au Yu Chiu Steven (區裕釗)	57	Independent non-executive Director	Bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct	15 March 2016	15 March 2016
Mr. Chung Fuk Wing Danny (鍾福榮)	59	Independent non-executive Director	Bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct	15 March 2016	15 March 2016
Mr. Ko Man Fu (高文富)	55	Independent non-executive Director	Bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct	15 March 2016	15 March 2016
Mr. Mak Wai Sing (麥偉成)	55	Independent non-executive Director	Bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct	15 March 2016	15 March 2016

Chairman and non-executive Director

Mr. Wong Chu Kee Daniel (黃主琦), aged 55, is our chairman and a non-executive Director. Mr. Wong is responsible for providing leadership to our Board and advising on the business strategies of our Group. He was appointed as a Director on 18 September 2015. Mr. Wong had been a director of our operating subsidiary, Expert HK, from October 2003 to September 2004. He was reappointed as a director of Expert HK in February 2007 and he has been holding such directorship up to now. His role in our Group has always been non-executive and he has not taken part in the daily management of our Group. On 15 March 2016, Mr. Wong was appointed as a non-executive Director and the chairman of our Board. He is also a member of both our remuneration committee and corporate governance committee. Mr. Wong also holds directorships in a number of the other subsidiaries within our Group, namely Expert BVI and Expert Macau. He is one of our Controlling Shareholders.

Mr. Wong graduated from the University of East Anglia in the United Kingdom with a Bachelor of Science degree in Computer Studies in July 1984. He has over 30 years of experience in the IT industry.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong began his career as a sales support engineer in 1984 and thereafter he joined AST Research (Far East) Limited (“**AST**”), a computer products manufacturer, in February 1986. During his service at AST, he collaborated with Mr. Chu and Mr. Mok (being two of our Controlling Shareholders) in the development of the China market through the establishment of sales channels and joint ventures in China. Mr. Wong was a general manager for North Asia (including China, Hong Kong, Taiwan, Korea and Japan) before he left AST in October 1998. Mr. Wong is one of the founders of ServiceOne HK, which is a connected person of our Company and is principally engaged in providing IT support services across Hong Kong, Macau and China.

Mr. Wong had been a director of Decisionone Limited (“**Decisionone**”) which was a private company incorporated in Hong Kong. Decisionone had not commenced any business since its incorporation and it was subsequently dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance on 3 October 2008. Mr. Wong confirmed that Decisionone was solvent at the time of it being dissolved by deregistration.

Chief executive officer and executive Director

Mr. Lau Wai Kwok (劉偉國), aged 47, is our chief executive officer and an executive Director. Mr. Lau is responsible for overseeing the business, corporate strategy, long-term planning all-round development and daily operations of our Group. He was appointed as a Director on 18 September 2015 and our chief executive officer and an executive Director on 15 March 2016. He is also the compliance officer of our Company and a member of both our nomination committee and corporate governance committee.

Mr. Lau was appointed as a director of our operating subsidiary, Expert HK, on 24 September 2004. He has been the general manager of Expert HK since October 2004, responsible for overseeing the business of our Group. Mr. Lau also holds directorships in other subsidiaries within our Group, namely Expert BVI and Expert Macau. He is one of our Controlling Shareholders.

Mr. Lau graduated from the University of Hong Kong with a degree of Bachelor of Science in November 1991. Mr. Lau has extensive experience in the IT industry, including sales, marketing and operational management. Prior to joining our Group, he was involved in the sales, marketing and management of IT and telecommunication products. He worked as a marketing executive at System-Pro Computers Limited, an IT products reseller, from August 1992 to December 1995. He joined Dell Computer Asia Limited, an IT products manufacturer, in January 1996 as account manager, and he was general sales manager of the large corporate accounts division when he left the company in April 2002. Thereafter, he joined Hutchison Global Communications Limited, a telecommunication company, as sales manager — strategic accounts in May 2002, and the position he held before he left the company in October 2004 was manager — sales (public sector).

Executive Directors

Ms. Lau Tsz Yan (劉紫茵), aged 43, is an executive Director and the general sales manager of the outside sales department of our Group. Ms. Lau was appointed as an executive Director on 15 March 2016. She is responsible for overseeing and managing the sales team of our Group with respect to our clients in the private sector.

Ms. Lau graduated from the Monash University in Australia with a Bachelor of Computing (Information Systems) degree in August 1995.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Lau has nearly 20 years of experience in the sales and marketing of IT infrastructure solutions to corporate clients. She joined our Group as an account executive in October 1996. She has then been promoted to account manager, assistant sales manager, sales manager, senior sales manager and general sales manager. She has been responsible for identifying potential clients, liaising and building relationships with clients and vendors, and overseeing and supervising the sales team of our Group with respect to our clients in the private sector.

Mr. So Cheuk Wah Benton (蘇卓華), aged 42, is an executive Director and the senior sales manager of the outside sales department of our Group. Mr. So was appointed as an executive Director on 15 March 2016. He is responsible for overseeing and managing the sales team of our Group with respect to our clients in the public sector.

Mr. So joined our Group in September 2004. Mr. So graduated from the Hong Kong Technical Colleges with a Higher Diploma in Electronic Engineering in June 1997. Mr. So has over 16 years of experience in the IT industry. Prior to joining our Group, he had worked in IBM China/Hong Kong Limited (“IBM”), an IT products manufacturer, from June 1997 to September 2001. The last position he held in IBM was system operation specialist. Thereafter, he worked as an account executive in a number of IT products resellers, namely, Storage Alliance Limited (August to October 2002), Systech Century Group (November 2002 to February 2003), Macro Systems Limited (April to July 2003, October 2003 to August 2004). He also worked as a senior account executive in Expert HK from July to October 2003.

Non-executive Directors

Mr. Chu Siu Sum Alex (朱兆深), aged 55, was appointed as a non-executive Director on 15 March 2016. He is responsible for providing market and industry knowledge in assisting the strategic planning of our Group. Mr. Chu had been a director of our operating subsidiaries, Expert HK and Expert Macau, from September 2004 to March 2015 and from July 2006 to October 2015, respectively. He is one of our Controlling Shareholders.

Mr. Chu obtained a degree of Bachelor of Science in Computing Science from the University of Newcastle upon Tyne (currently the Newcastle University) in the United Kingdom in June 1984.

Mr. Chu has over 30 years of experience in the IT industry. He worked in DAW Computer Systems Limited (“DAW”), an IT system integration provider in Hong Kong and China, as a software engineer, from August 1984 to November 1985. Mr. Chu then joined AST as a regional technical support engineer, in November 1985. During his service at AST, he collaborated with Mr. Mok and Mr. Wong (being two of our Controlling Shareholders) in the development of the China market through the establishment of sales channels and joint ventures in China. Mr. Chu was the managing director, Asia, responsible for overseeing the entire operation of marketing, sales and technical service in over 11 Asian countries, when he left AST in July 1994. He then joined Dell Computer Asia Limited in October 1994, responsible for leading its sales team, formulating and implementing its strategies for the Hong Kong and China markets. He was the Hong Kong/PRC sales director, when he left Dell Computer Asia Limited in October 2001. Thereafter, he worked in North 22 Solutions Limited, a software solutions company and a subsidiary of North 22, as a senior vice president from February 2002 to August 2004, in charge of the company’s software development business. He then worked as an executive director in our operating subsidiary, Expert HK, from September 2004 to November 2007, overseeing the overall business and management of Expert HK. Mr. Chu has been working in ServiceOne HK, which is a connected person of our Company and is principally engaged in providing

DIRECTORS AND SENIOR MANAGEMENT

IT support services across Hong Kong, Macau and China, since December 2007. He is currently an executive director of ServiceOne HK, responsible for overseeing the overall management and sales function of the ServiceOne Group.

Mr. Mok Chu Leung Terry (莫柱良), aged 55, was appointed as a non-executive Director on 15 March 2016. He is responsible for providing market and industry knowledge in assisting the strategic planning of our Group. Mr. Mok had been a director of our operating subsidiary, Expert HK, from September 2004 to November 2015. He is one of our Controlling Shareholders.

Mr. Mok obtained a degree of Bachelor of Science from Queen Mary College, the University of London (currently the Queen Mary University of London) in the United Kingdom in August 1983.

Mr. Mok has more than 30 years of experience in the IT industry. He worked in DAW as a system engineer, from February 1984 to May 1985. He then worked in Tian An Development Co. Ltd., a trading company, as a service engineer, from January 1986 to August 1986. Thereafter, Mr. Mok worked in AST as a programmer from August 1986 to March 1987. He worked in Newpower International Trading Company Limited, a manufacture production line dealer for the China market, as a sales engineer, from April 1987 to May 1988. Mr. Mok rejoined AST in June 1988, in which he collaborated with Mr. Chu and Mr. Wong (being two of our Controlling Shareholders) in the development of the China market through the establishment of sales channels and joint ventures in China. He was the PRC country manager when he left AST in November 1991. Mr. Mok worked as an executive director of Newpower International (Computer Products) Co. Limited, which was principally engaged in IT products distribution in China, from November 1991 to May 1993, responsible for overseeing its sales and marketing function. From July 1993 to March 1997, he worked as a director in China Economic & Trade Information Consulting (China) Limited, a company principally engaged in the trading of communication products in the China market, responsible for managing its operations. He then worked in TLC Technology Limited (“TLC”) as a director from April 1997 to October 1999, responsible for overseeing its overall management. Mr. Mok has been working in ServiceOne HK since November 1999, of which he is one of the founders. ServiceOne HK is a connected person of our Company and is principally engaged in providing IT support services across Hong Kong, Macau and China. Mr. Mok is currently a senior vice president of ServiceOne HK, supervising and managing the entire operation of the ServiceOne Group.

Mr. Mok had been a director of Decisionone and TLC, which were both private companies incorporated in Hong Kong. As mentioned above, Decisionone had not commenced any business since its incorporation and it was subsequently dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance on 3 October 2008. TLC was principally engaged in provision of IT support services before it was dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance on 30 December 2011. Mr. Mok confirmed that each of Decisionone and TLC was solvent at the time of it being dissolved by deregistration.

Mr. Cheung Nap Kai (張立基), aged 56, was appointed as a non-executive Director on 15 March 2016. He is responsible for providing market and industry knowledge in assisting the strategic planning of our Group. Mr. Cheung had been a director of our operating subsidiary, Expert HK, from September 2004 to November 2015. He is one of our Controlling Shareholders.

Mr. Cheung obtained a degree of Bachelor of Science from Imperial College of Science and Technology, the University of London (currently the Imperial College London) in the United Kingdom in August 1982.

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Mr. Cheung has over 25 years of experience in the IT industry. He worked in DAW as a marketing manager from August 1982 to March 1988, responsible for developing the business in China. He joined Legend Technology Limited, an IT products manufacturer and a subsidiary of Legend, in April 1988. He was a general manager, responsible for the distribution business in the PRC, when he left Legend Technology Limited in June 1997. Thereafter, he worked as a director in LDL Distribution (China) Limited, an IT network distributor, from July 1997 to December 1999, responsible for overseeing the business in Hong Kong. He then worked as a business development manager in North 22 Solutions Limited, from January 2000 to September 2004, responsible for managing the e-commerce development in Hong Kong. Mr. Cheung joined our operating subsidiary, Expert HK, as a senior vice president, from September 2004 to November 2007, responsible for overseeing the business development of Expert HK.

Mr. Cheung had been a director of the following companies when they were dissolved by deregistration:

Name of company	Principal business activity before dissolution	Date of dissolution	Details
2Hunters.com Limited	The company was principally engaged in e-commerce business before it was dissolved.	14 October 2005	This was a Hong Kong incorporated company de-registered under section 291AA of the Predecessor Companies Ordinance and accordingly dissolved upon deregistration.
Creative Technologies Limited	The company was principally engaged in the distribution of IT consumer products before it was dissolved.	21 May 2004	This was a Hong Kong incorporated company de-registered under section 291AA of the Predecessor Companies Ordinance and accordingly dissolved upon deregistration.
Creative Technology Services Limited	The company was principally engaged in the provision of IT support services before it was dissolved.	28 May 2004	This was a Hong Kong incorporated company de-registered under section 291AA of the Predecessor Companies Ordinance and accordingly dissolved upon deregistration.
Deepvast Company Limited	The company was principally engaged in investment holding before it was dissolved.	15 December 2006	This was a Hong Kong incorporated company de-registered under section 291AA of the Predecessor Companies Ordinance and accordingly dissolved upon deregistration.

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Name of company	Principal business activity before dissolution	Date of dissolution	Details
Faymui.com Limited	The company was principally engaged in e-commerce business before it was dissolved.	14 January 2005	This was a Hong Kong incorporated company de-registered under section 291AA of the Predecessor Companies Ordinance and accordingly dissolved upon deregistration.
Joyful Day International Limited	The company was principally engaged in investment holding before it was dissolved.	28 May 2004	This was a Hong Kong incorporated company de-registered under section 291AA of the Predecessor Companies Ordinance and accordingly dissolved upon deregistration.
Plug and Play Systems Limited	The company was principally engaged in the retail of IT products before it was dissolved.	28 May 2004	This was a Hong Kong incorporated company de-registered under section 291AA of the Predecessor Companies Ordinance and accordingly dissolved upon deregistration.

Mr. Cheung confirmed that each of the above companies was solvent at the time of it being dissolved by deregistration.

Mr. Chan Kin Mei Stanley (陳健美), aged 44, is a non-executive Director, responsible for advising on the finance, accounting, risk management and corporate governance of our Group. Mr. Chan will not be involved in the daily management and operations of our Group. He was appointed as a Director on 25 November 2015 and a non-executive Director on 15 March 2016. He is also the chairman of our corporate governance committee and a member of our audit committee.

Mr. Chan obtained a degree of Bachelor of Arts in Accountancy through distance learning from the University of Bolton in the United Kingdom in September 2007. He was admitted as an associate member of the Institute of Financial Accountants in February 2006.

Mr. Chan has around 25 years of experience in the accounting, finance and human resources fields. Prior to joining our Group, he has worked in the accounting department of a number of companies in the private sector from 1991 to 1999. From January 2000 to June 2008, Mr. Chan worked as the financial controller of NeteLusion Limited, the principal business of which was game development and operation in the interactive entertainment industry. Mr. Chan was the company secretary of our operating subsidiary, Expert HK, from March 2003 to September 2004.

Since joining Expert HK in April 2009 and up to 29 February 2016, Mr. Chan had been responsible for overseeing the finance and accounting, and human resources and administration functions of our Group. As a non-executive Director, Mr. Chan will advise the Board on the finance, accounting, corporate governance and risk management matters of our Group.

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Independent non-executive Directors

Mr. Au Yu Chiu Steven (區裕釗), aged 57, was appointed as an independent non-executive Director on 15 March 2016. He is responsible for bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct. He is also the chairman of our audit committee and a member of our remuneration committee, nomination committee and corporate governance committee.

Mr. Au graduated from the University of East Anglia in the United Kingdom with a degree of Bachelor of Arts majoring in Economics in July 1982. He further received his degree of Master of Business Administration from the University of Western Ontario in Canada in October 2000. Mr. Au was admitted as a Chartered Accountant of the Institute of Chartered Accountants in England and Wales in November 1987. He is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Au has more than 30 years of experience in the accounting and finance field. He worked as an accountant at an accounting firm in the United Kingdom from October 1982 to October 1987 and then at Arthur Andersen & Co. in Hong Kong from December 1987 to January 1989. He then took up senior managerial positions with various companies in the finance industry. He was a director and chief financial officer of a company in the financial industry from February 1989 to June 1992. He became the director of a number of companies in the corporate finance and investment field during the period from August 1992 to October 2002, including China Everbright Securities (International) Limited and Anglo Chinese Securities Limited. He has been an executive director of finance and administration of Matilda International Hospital ("**Matilda**") since October 2002, responsible for overseeing, among others, the IT department of Matilda as well as the development and improvement of the IT systems of Matilda.

Mr. Au had been a director of Kin Wah Hong Company Limited ("**Kin Wah Hong**") which was a private company incorporated in Hong Kong. Kin Wah Hong was dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance on 3 April 2008. Prior to being dissolved by deregistration, Kin Wah Hong was principally engaged in trading of textiles and related products. Mr. Au confirmed that Kin Wah Hong was solvent at the time of it being dissolved by deregistration.

Mr. Chung Fuk Wing Danny (鍾福榮), aged 59, was appointed as an independent non-executive Director on 15 March 2016. He is responsible for bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct. He is also the chairman of our nomination committee and a member of both our audit committee and remuneration committee.

Mr. Chung graduated from the University of Windsor in Canada with a degree in Bachelor of Applied Science majoring in Civil Engineering in June 1981. He further received his degree of Master of Business Administration from the University of Western Sydney in Australia in August 1996. Mr. Chung has been registered as a Chartered Engineer with the Engineering Council in the United Kingdom since September 1987 and as a Civil (General) Engineer with the Institution of Engineers in Australia since July 1994. He has also been a member of the Institution of Engineering and Technology (formerly the Institution of Production Engineers) in the United Kingdom since April 1987, a member of the Institution of Engineers in Australia since August 1991 and a member of the Hong Kong Institution of Engineers since January 1997.

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Mr. Chung has over 30 years of experience in the construction industry. He began his career with Shui On Plant and Equipment Services Ltd. ("**Shui On**"), a company which mainly provides repair and maintenance services for plant and machinery, as an engineer in June 1981. He was a senior manager in charge of Shui On's central workshop and plant and maintenance operations when he left Shui On in May 1993. Mr. Chung then joined AST Australia Pty Ltd., a computer manufacturer in Australia, as a parts department engineer, from September 1994 to September 1995, during which he was responsible for PC, notebook and server maintenance. Thereafter, Mr. Chung worked at the Hong Kong branch of Nishimatsu Construction Co., Ltd., a civil engineering and construction company as project manager of its Hong Kong new airport project, Licence 01—operation of rock crushing facility from January 1996 to October 1997. In November 1997, he joined K. Wah Construction Materials (Hong Kong) Limited ("**K. Wah HK**"), which is engaged in the provision of management services and is a subsidiary of Galaxy Entertainment Group Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 27)), as assistant general manager responsible for conducting the feasibility study of projects in China. In April 1999, he was transferred to K. Wah Construction Materials (China) Limited ("**K. Wah China**"), which is engaged in the manufacturing of construction materials in China, as deputy general manager, mainland construction materials, Guangzhou Region. He was general manager — area head of Beijing and Kunming constructions materials in K. Wah China when he left K. Wah China in September 2006. In January 2008, he joined Galaxy Professional Services Limited ("**Galaxy Professional**") in Macau, which is engaged in the gaming and casino business, as principal — business development. He was vice president of the Beijing region premium market when he left Galaxy Professional in May 2010. He returned to K. Wah HK as its head of engineering in May 2010. Thereafter, he worked as general manager — regional head, eastern region construction materials in K. Wah China from April 2011 to October 2015, during which he, among others, supervised the regional IT department of K. Wah China which was responsible for the development and improvement of the IT systems and operations of K. Wah China in China.

Mr. Ko Man Fu (高文富), aged 55, was appointed as an independent non-executive Director on 15 March 2016. He is responsible for bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct. He is also the chairman of our remuneration committee and a member of both our audit committee and nomination committee.

Mr. Ko obtained a degree of Bachelor of Laws and Postgraduate Certificate in Laws from the University of Hong Kong in 1986 and 1987 respectively. He was admitted as a solicitor of the High Court of Hong Kong in September 1989. He is a Reverse Mortgage Counsellor of the Law Society of Hong Kong.

Mr. Ko has been working as a solicitor in Hong Kong with various law firms for more than 26 years. He is currently working as a consultant at the law firm, Hau, Lau, Li & Yeung.

Mr. Ko had been a director of Deep Earn Investment Limited ("**Deep Earn**"), Genius Way Limited ("**Genius**") and Max Crown International Limited ("**Max Crown**") which were all private companies incorporated in Hong Kong. While Deep Earn and Max Crown were dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance on 11 September 2003 and 9 December 2005 respectively, Genius was dissolved by striking off pursuant to section 291(6) of the Predecessor Companies Ordinance on 12 April 2002. Prior to being dissolved by deregistration, Deep Earn was principally engaged in holding and managing properties, and Max Crown was principally engaged in leasing offices and employing staff for the law firm then run by Mr. Ko. With respect to

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Genius, it was a property holding and management company before being dissolved by striking off. Mr. Ko confirmed that each of Deep Earn, Genius and Max Crown was solvent at the time of it being dissolved by deregistration or striking off as the case might be.

Mr. Mak Wai Sing (麥偉成), aged 55, was appointed as an independent non-executive Director on 15 March 2016. He is responsible for bringing an independent judgment to bear on issues of strategy, investment, policy, performance, accountability, resources, key appointments and standards of conduct. He is also a member of our audit committee, remuneration committee and nomination committee.

Mr. Mak graduated from the University of Nottingham in the United Kingdom with a degree of Bachelor of Science majoring in civil engineering in July 1983. He further received his degree of Master of Business Administration from the Chinese University of Hong Kong in October 1986.

Mr. Mak has over 26 years of experience in the trading business. He began his career as an executive assistant in August 1986 with Swire & Maclaine Ltd. ("**Swire & Maclaine**"), a trading company in which he has taken up various managerial roles during his tenure of more than 13 years. He oversaw the operations and management of the IT systems and shipping management of Swire & Maclaine from June 1988 to March 1990. Thereafter, he worked as manager, group systems, from April 1990 to August 1993, responsible for overseeing the operations and management of the entire IT systems of Swire & Maclaine. He worked as general operations manager from September 1993 to June 1994, responsible for managing the entire back office operations of Swire & Maclaine, including the IT function. He was responsible for managing the hardlines merchandising in Hong Kong of Swire & Maclaine from July 1994 to June 2000. He was group manager when he left Swire & Maclaine in June 2000. Mr. Mak worked in Li & Fung (Trading) Limited ("**Li & Fung**"), which is engaged in the trading business and is a subsidiary of Li & Fung Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 494)), from July 2000 to January 2013, responsible for managing the hardlines customers and developing the hardlines business of Li & Fung. His position was senior vice president when he left Li & Fung in January 2013.

Details of our Directors' emoluments (whether covered by service contracts or letters of appointment or not), the basis of determining our Directors' emoluments and the proposed length of service as stated in the service contracts or letters of appointment are set out under the section headed "C. Further Information about Directors and Shareholders" in Appendix IV to this prospectus.

As at the Latest Practicable Date, other than the interests of Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung, Mr. Wong and Mr. Chan in the Shares which are disclosed in the section headed "C. Further Information about Directors and Shareholders" in Appendix IV to this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial Shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years prior to the Latest Practicable Date.

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Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no information relating to our Directors that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules and there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders as at the Latest Practicable Date.

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Mr. Yan Tsz Yin (甄子賢), aged 45, the manager of the business development department of our Group. Mr. Yan joined our Group in September 1999. He is responsible for managing our Group's business development and marketing functions. Mr. Yan graduated from the City Polytechnic of Hong Kong (currently the City University of Hong Kong) with a degree of Bachelor of Engineering majoring in Computer Engineering in December 1994. He has around 17 years of experience in the sales and marketing of IT products and services. Prior to joining our Group, he had worked as a marketing executive in System Pro Computers Limited, an IT products reseller from February 1997 to April 1998.

Mr. Szeto Sai Kit (司徒世傑), aged 33, the pre-sales service manager of the technology services department of our Group. Mr. Szeto joined our Group in February 2013. He leads our pre-sales service team of the technology services department which is responsible for identifying the IT solutions that suit the needs of our customers, and preparing and presenting technical proposals together with our outside sales department and demonstrations of the IT solutions identified to our customers. He also leads our project management team of the technology services department to monitor and manage the project schedules and budget to achieve the project results. Mr. Szeto graduated from the Deakin University in Australia with a degree of Bachelor of Commerce majoring in Economics in August 2006. He has obtained various certifications and qualifications in systems administration and IT architecture, including VMware Certified Professional 5 Data Center Virtualisation granted by VMware in February 2012, HP Server Solutions Architect V8 granted by Hewlett-Packard in July 2014, and Cisco Certified Network Associate granted by Cisco in August 2015. Mr. Szeto has around nine years of experience as an IT technical staff in the IT industry. Prior to joining our Group, he had worked as a project coordinator in Smurfit-Stone (Asia) Limited, a packaging design company, from March 2006 to February 2007. He joined INFOCAN Computer (Hong Kong) Limited, an IT solutions company, in May 2007 and his position was training officer when he left the company in December 2009. Thereafter, he worked in SiS International Limited, a company principally engaged in the distribution of IT products, as a senior technical consultant, from December 2009 to February 2013.

Mr. Chui Yuk Man (徐育民), aged 38, the professional services manager of the technology services department of our Group. Mr. Chui joined our Group in December 2007. He is responsible for managing our professional services team to ensure that our Group provides IT solutions to our customers on time and within budget and that the IT solutions have been implemented properly to address the needs of our customers. Mr. Chui graduated from the Chinese University of Hong Kong with a degree of Bachelor of Engineering in December 2000. He has obtained various certifications and qualifications in systems administration and IT architecture, including Symantec Technical Specialist in March 2013, VMware Certified Professional 5 Data Center Virtualisation and VMware Certified Advanced Professional 5 Data Center Design granted by VMware in December 2011 and March 2014 respectively. Mr. Chui has around 14 years of experience in the IT industry. Prior to joining our Group, he had worked in Jardine OneSolution (HK) Limited, which is an IT solutions and service company, from January 2001 to February 2005. In February 2005, he joined Digital China (H.K.) Limited ("**Digital China**"), an IT products distributor. His position was technical support engineer when he left Digital China in February 2006. Thereafter, he worked as a systems engineer in

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Innovative Information Solutions Ltd., an IT solutions company, from February to August 2006. He then worked as a senior systems engineer in Communications & Services Experts Ltd., an IT support service company, from August 2006 to December 2007.

Ms. Wong Yuk Lam (黃鈺霖), aged 38, the finance manager of our Group. Ms. Wong Yuk Lam joined our Group in May 2005. She oversees the overall accounting and treasury functions of our Group. She is also the company secretary of Expert HK. Ms. Wong Yuk Lam obtained a degree of Bachelor of Commerce majoring in Accounting through distance learning from the Curtin University of Technology in Australia in February 2007. She was admitted as a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants in January 2013. Ms. Wong Yuk Lam has over 18 years of experience in the accounting and finance field. Prior to joining our Group, she had worked as an accounts clerk in Aji Ichiban Company Limited, a confectionary retailer, from September 1997 to March 2000. She joined Seventh Corporation Limited, a company principally engaged in the retailing of skin care and cosmetics products, as an assistant accounts manager, from March 2000 to June 2003. Thereafter, she worked as a senior accounts clerk in Sun Hung Kai Real Estate Agency Ltd., a real estate consultancy company, from November 2003 to May 2005.

None of our senior management team members described above held any directorships in any public companies the shares of which are or have been listed on any exchange in Hong Kong or overseas in the past three years.

COMPANY SECRETARY

Mr. Lau Siu Ki (劉紹基), aged 57, is the company secretary of our Company. He graduated from the Hong Kong Polytechnic (now Hong Kong Polytechnic University) with a Higher Diploma in Accountancy in November 1981. He is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Mr. Lau Siu Ki has over ten years of experience in the corporate secretarial field, providing professional corporate services to Hong Kong listed companies. Prior to becoming a company secretary for listed companies in Hong Kong, he had worked in Ernst and Young, an international accounting firm, for over 15 years. He is currently the company secretary of Yeebo (International Holdings) Limited (Stock Code: 259) and Hung Fook Tong Group Holdings Limited (Stock Code: 1446), both of which are listed on the Main Board of the Stock Exchange. He is also a director of Hin Yan Consultants Limited.

COMPLIANCE OFFICER

Mr. Lau Wai Kwok (劉偉國), was appointed as the compliance officer (as required under Rule 5.19 of the GEM Listing Rules) of our Company on 15 March 2016. Please refer to the paragraph headed “Chief executive officer and executive Director” in this section for details about Mr. Lau's qualifications.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal control procedures so as to achieve accountability.

Our Company has adopted a code of corporate governance, containing the code provisions of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (“**CG Code**”).

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Our Directors will use their best endeavours to procure our Company to comply with the CG Code save for the deviation below and make disclosure of deviation from such code in accordance with the GEM Listing Rules.

Pursuant to code provision F.1.1 of the CG Code, the company secretary of our Company should be an employee of our Company and have day-to-day knowledge of our Company's affairs. Mr. Lau Siu Ki, our company secretary, is not an employee of our Company. Mr. Lau Siu Ki is a director of Hin Yan Consultants Limited. Our Company has assigned, Ms. Wong Yuk Lam, the finance manager of our Group, as the contact person with Mr. Lau Siu Ki. Taking into account that Mr. Lau Siu Ki has substantial experience in the corporate secretarial field, providing professional corporate services to Hong Kong listed companies and it is more cost effective to engage an external service provider, our Directors consider that it is beneficial to appoint Mr. Lau Siu Ki as the company secretary of our Company.

AUDIT COMMITTEE

Our Company established an audit committee on 15 March 2016, with written terms of reference as suggested under the CG Code.

The main objective of our audit committee is to assist our Board in fulfilling its fiduciary responsibilities to our Company and each of its subsidiaries to act in the interest of our Shareholders as a whole.

Its primary duties include: (a) to consider and make recommendations to our Board on the appointment, reappointment and removal of our external auditor, and to approve the remuneration and terms of engagement of our external auditor, and any questions of its resignation or dismissal; (b) to review and monitor our external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (c) to discuss with our external auditor the nature and scope of our audit and reporting obligations before the audit commences; (d) to develop and implement policy on engaging an external auditor to supply non-audit services; (e) to make recommendations to our Board as it deems appropriate on any area within its remit where action or improvement is needed; and (f) to monitor integrity of our Company's financial statements and the annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgments contained in them.

Our audit committee consists of five members, namely, Mr. Au, Mr. Chung, Mr. Ko and Mr. Mak who are all independent non-executive Directors, and Mr. Chan who is a non-executive Director.

The chairman of our audit committee is Mr. Au.

REMUNERATION COMMITTEE

Our Company established a remuneration committee on 15 March 2016, with written terms of reference as suggested under the CG Code.

The main functions of our remuneration committee include: (a) to make recommendations to our Board on our Company's policy and structure for all of our Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) to review and approve our management's remuneration proposals with reference to our Board's corporate goals and objectives; (c) either to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management or

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to make recommendations to our Board on the remuneration packages of individual executive Directors and senior management; (d) to make recommendations to our Board on the remuneration of our non-executive Directors; (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in our Group; (f) to review and approve compensation payable to our executive Directors and the senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and (g) to review and approve compensation arrangements relating to dismissal or removal of our Directors for misconduct to ensure they are consistent with contractual terms and are otherwise reasonable and appropriate.

Our remuneration committee consists of five members, namely, Mr. Au, Mr. Chung, Mr. Ko and Mr. Mak who are all independent non-executive Directors, and Mr. Wong who is a non-executive Director.

The chairman of our remuneration committee is Mr. Ko.

NOMINATION COMMITTEE

Our Company established a nomination committee on 15 March 2016, with written terms of reference as suggested under the CG Code.

The main objectives of our nomination committee are to implement a formal, transparent and objective procedure for appointing our Board members and evaluating each of our Board members' performance and to provide clear disclosure of our Company's policies on the nomination and evaluation of our Board members in our annual report.

Its primary functions include: (a) to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of our Board at least annually and make recommendations on any proposed changes to our Board to complement our Company's corporate strategy; (b) to identify individuals suitably qualified to become our Board members and select or make recommendations to our Board on the selection of individuals nominated for directorships; (c) to assess the independence of our independent non-executive Directors; and (d) to make recommendations to our Board on the appointment or re-appointment of our Directors and succession planning for our Directors, in particular our chairman and our chief executive.

Our nomination committee consists of five members, namely, Mr. Au, Mr. Chung, Mr. Ko and Mr. Mak who are all independent non-executive Directors, and Mr. Lau who is an executive Director.

The chairman of our nomination committee is Mr. Chung.

CORPORATE GOVERNANCE COMMITTEE

Our Company established the corporate governance committee on 15 March 2016, with written terms of reference. The primary duties of the corporate governance committee are to develop and review our Company's policies and practices on corporate governance and make recommendations to our Board and to review and monitor the training and continuous professional development of the directors and senior management of our Group.

Our corporate governance committee consists of four members, namely, Mr. Lau who is an executive Director, Mr. Chan and Mr. Wong who are both non-executive Directors and Mr. Au who is an independent non-executive Director.

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The chairman of our corporate governance committee is Mr. Chan.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, the aggregate remuneration (including fees, salaries, contribution to defined contribution benefit plans and performance bonuses) paid to our Directors by our Company or any of its subsidiaries was approximately HK\$3,299,000.0, HK\$3,742,000.0 and HK\$2,437,000.0, respectively.

Details of our Directors' remuneration are set out in Note 11 to the Accountant's Report as set out in Appendix I to this prospectus.

For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, the aggregate amount of salaries, performance bonuses, contribution to defined contribution benefit plans and allowances paid to the five highest paid individuals of our Company, other than the remuneration paid to a Director which has already been disclosed as Directors' remuneration above, was approximately HK\$1,593,000.0, HK\$2,002,000.0 and HK\$754,000.0, respectively.

Our Group did not pay any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining our Company or as a compensation for loss of office during the Track Record Period. No Directors waived or agreed to waive his remuneration during the Track Record Period.

Under the arrangement currently in force, the aggregate emoluments (excluding performance bonuses) payable by our Group to our Directors for the year ending 31 March 2016 are expected to be approximately HK\$4,029,000.0.

COMPLIANCE ADVISER

Our Group has appointed BOSC International Company Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules.

Pursuant to Rule 6A.23 of the GEM Listing Rules, our compliance adviser will advise our Group in the following circumstances:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including issuance or repurchase of Shares;
- (c) where our Company proposes to use the proceeds of the Placing in a manner different from that detailed in this prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry with our Company regarding unusual movements in the price or trading volume of the Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year after the Listing Date.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately upon completion of the Capitalisation Issue and the Placing (without taking into account of any Shares which may be taken up under the Placing and any Shares which may be allotted and issued upon exercise of options that may be granted under the Share Option Scheme), the following persons will have an interest or short position in Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10.0% or more of the issued voting shares of any member of the Group:

Name	Capacity	Number of Shares held	Position	Approximate percentage of shareholding
Mr. Chu	Beneficial owner	226,380,000	Long	28.3%
Ms. Luk Yuen Wah Nancy	Interest of spouse	226,380,000 (Note 1)	Long	28.3%
Mr. Lau	Beneficial owner	96,900,000	Long	12.1%
Ms. Keung Lai Wa Dorathy Linndia	Interest of spouse	96,900,000 (Note 2)	Long	12.1%
Mr. Mok	Beneficial owner	91,800,000	Long	11.5%
Ms. Yan Yihong	Interest of spouse	91,800,000 (Note 3)	Long	11.5%
Mr. Cheung	Beneficial owner	89,760,000	Long	11.2%
Ms. Tuen Chi Keung	Interest of spouse	89,760,000 (Note 4)	Long	11.2%
Mr. Wong	Beneficial owner	51,300,000	Long	6.4%
Ms. Lee Kit Ling Monita	Interest of spouse	51,300,000 (Note 5)	Long	6.4%

Notes:

1. Ms. Luk Yuen Wah Nancy, the spouse of Mr. Chu, is deemed to be interested in all the Shares in which Mr. Chu is interested by virtue of the SFO.
2. Ms. Keung Lai Wa Dorathy Linndia, the spouse of Mr. Lau, is deemed to be interested in all the Shares in which Mr. Lau is interested by virtue of the SFO.
3. Ms. Yan Yihong, the spouse of Mr. Mok, is deemed to be interested in all the Shares in which Mr. Mok is interested by virtue of the SFO.
4. Ms. Tuen Chi Keung, the spouse of Mr. Cheung, is deemed to be interested in all the Shares in which Mr. Cheung is interested by virtue of the SFO.
5. Ms. Lee Kit Ling Monita, the spouse of Mr. Wong, is deemed to be interested in all the Shares in which Mr. Wong is interested by virtue of the SFO.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Our Controlling Shareholders, being Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung and Mr. Wong, are regarded as a group of Controlling Shareholders. On 24 September 2004, Mr. Chu, Mr. Lau, Mr. Mok and Mr. Cheung acquired 95.0% equity interest in China Expert and on 28 March 2007, Mr. Wong acquired 10.0% equity interest in China Expert from Mr. Chu. Our Controlling Shareholders have acted in concert to control, through their immediate holding company (i.e. China Expert or Expert BVI as the case may be), Expert HK and Expert Macau, on a collective basis and made collective decisions as shareholders of Expert HK and Expert Macau, at all material times prior to the Listing.

On 24 November 2015, in preparation for the Listing, our Controlling Shareholders executed a confirmation, whereby they confirmed the existence of common control over Expert HK and Expert Macau during the Track Record Period (which is evidenced by the unanimous agreements without any dispute by our Controlling Shareholders in the meetings of China Expert (being the then immediate holding company of Expert HK and Expert Macau) during the period), and that the said arrangements with respect to our Group will continue to have effect until one year after the Listing. Hence, pursuant to the above confirmation, our Controlling Shareholders together will be interested in a total of approximately 69.5% of the issued share capital of our Company immediately upon completion of the Capitalisation Issue and the Placing (without taking into account of any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme).

The business of our Group is managed by the Board, which is in line with the Articles. The members of the Board are either appointed by the Board or our Shareholders at a general meeting. According to the Articles, our Shareholders may by ordinary resolution (i.e. a simple majority of the votes cast by our Shareholders, being entitled to do so, at the relevant general meetings), to appoint or remove a Director. In addition, there are certain corporate actions of our Group which are subject to the approval of our Shareholders (for example, certain notifiable transactions under Chapter 20 of the GEM Listing Rules, appointment or removal of Directors, fund raising exercise, etc.). If such actions are only subject to the passing of ordinary resolutions by our Shareholders at the relevant general meetings, pursuant to the Articles, the resolutions approving such actions would be passed if there is a simple majority (i.e. over 50.0%) of the votes cast by our Shareholders, being entitled to do so, at the relevant general meetings. Under such circumstances, our Controlling Shareholders collectively, holding more than 50.0% of the entire issued share capital of our Company immediately upon the Listing, would be able to make decisions in respect of such corporate actions at the shareholders' level by exercising their shareholders' rights (i.e. if they wish our Group to proceed with the relevant action subject to shareholders' approval, they can vote for the relevant resolution and vice versa).

As at the Latest Practicable Date, our Controlling Shareholders held 95.0% of the issued shares of China Expert, which in turn held 70.0% of the issued shares of ServiceOne Global, the holding company of the ServiceOne Group. The ServiceOne Group was profitable and generated positive cash flows from its operating activities during the Track Record Period.

Background information of our Controlling Shareholders is set out in the section headed "Directors and Senior Management" in this prospectus.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates after the Listing, after considering the following factors:

Clear delineation between the business of our Group and the ServiceOne Group

Our Group is principally engaged in provision of IT infrastructure solutions, which our Group assesses, designs and implements IT infrastructure solutions for our customers by integrating hardware and/or software sourced from third party suppliers to satisfy various IT requirements and needs of our customers (the “**IT Infrastructure Solutions Business**”), whilst the ServiceOne Group is principally engaged in provision of IT support services in Hong Kong, Macau and China (the “**IT Support Business**”).

The key differences in the service scope between the IT Infrastructure Solutions Business operated by us and the IT Support Business operated by the ServiceOne Group are set out below:

IT Infrastructure Solutions Business

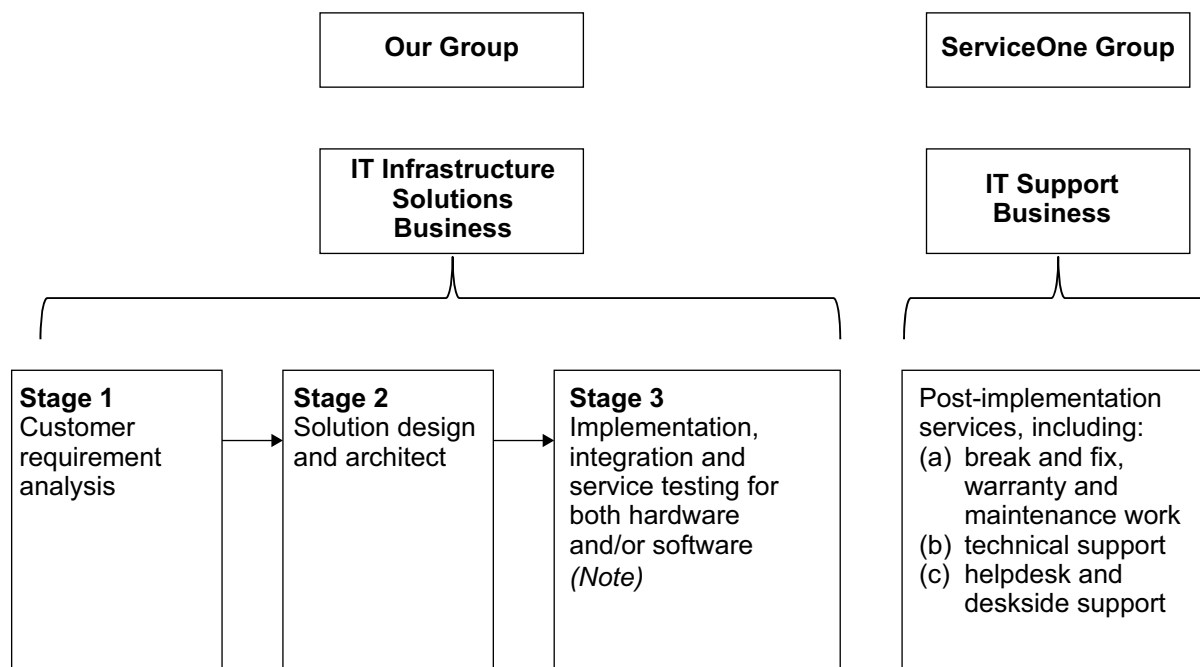
- Provision of IT infrastructure solutions, including assessment, design and implementation of IT infrastructure solutions for our customers
- Our IT infrastructure solutions cover various aspects, some of which involve the latest IT inventions and highly specialised skills and expertise. The key aspects of our IT infrastructure solutions include virtualisation, software-defined data centre, software-defined networking, micro-segmentation, hyper-convergence, private, public and hybrid cloud, high performance computing, directory service, e-mail service, collaboration service, enterprise mobility management, network infrastructure and information security

IT Support Business

- Provision of break and fix, warranty and maintenance work (on-site and/or carry-in)
- Provision of technical support
- Provision of relocation service
- Provision of outsourcing service including recruitment of IT personnel, helpdesk support and deskside support
- Provision of warranty and maintenance service on behalf of IT vendors to end-customers

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

As illustrated in the table above, the service scope of each of the IT Infrastructure Solutions Business and the IT Support Business differs significantly, and is operated independently from each other. For illustration purpose, the following diagram shows the major stages involved in a typical IT infrastructure service chain.



Note: We have a team of in-house technical staff to carry out the implementation and integration work of our IT infrastructure solutions projects, but we also outsource certain implementation work that requires large labour force and certain specialised software implementation, configuration and/or customisation work to our sub-contractors (including the ServiceOne Group) and our suppliers in some circumstances, so as to maintain our flexibility and cost effectiveness in carrying out our projects.

As illustrated in the diagram above, our Group and the ServiceOne Group carry out distinct services to cater for distinct customers' needs at different stages involved in a typical IT infrastructure service chain. The service scope of our Group covers stages 1 to 3 of a typical IT infrastructure solutions project whilst the service scope of the ServiceOne Group relates to post-implementation services. Furthermore, the services provided by our Group and the ServiceOne Group are not a substitute for or conditional upon the other.

Given the different services provided by our Group and the ServiceOne Group, there are distinct skill-set requirements for our IT technical staff and that of the ServiceOne Group. In particular, as a solutions provider engaged in the IT Infrastructure Solutions Business, our IT technical staff shall be equipped with not only extensive and in-depth knowledge of IT hardware and software products and their compatibility and up-to-date related technologies required for implementation of IT infrastructure solutions projects so as to offer a complete solution design plan based on our customers' IT requirements, but also skills required for a project manager to coordinate with our various business partners including manufacturer suppliers, distributor suppliers, sub-contractors and our customers. In this regard, our Group is equipped with a team of IT technical staff who are accredited by manufacturer suppliers, and possess the requisite knowledge and expertise for providing specific IT infrastructure solutions.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

On the other hand, as a service provider engaged in the IT Support Business, the IT technical staff of the ServiceOne Group are required to possess the general and basic knowledge of IT products and technologies of different manufacturer suppliers, and to be familiar with the IT products' standard configuration and features rather than intensive and in-depth knowledge of a particular product and/or solution. The entry-level and relatively broad technical skill-set is required in order to carry out IT support services under the customers' multi-vendor IT environment as well as to provide the preliminary preparation work for basic installation according to implementation plans and/or instructions of IT infrastructure solutions providers (such as our Group). In general, the IT Support Business is a labour intensive business, and the ServiceOne Group is equipped with a team of IT technical staff who possesses common IT knowledge and broad technical skills enabling them to be competent to deliver the IT support services for mass and common IT products without the requirement to obtain the advanced certificates or professional accreditations from manufacturer suppliers which are different from the skill-set of the IT technical staff of our Group as mentioned above.

Our Controlling Shareholders also advise that the ServiceOne Group has not engaged in, and will not engage in, any business which compete, or will compete, with that of our Group. Our Controlling Shareholders entered into a deed of non-competition in favour of our Company dated 15 March 2016 with details set out in the paragraph headed "Non-competition undertaking" in this section below.

Given the above, our Directors consider that there is a clear delineation between the business of our Group and that of the ServiceOne Group, and there is not, and will not be, any overlap in business scope between our Group and the ServiceOne Group (save that our Group will engage the ServiceOne Group to provide the Outsourcing IT Support Services as mentioned in the paragraph headed "Operational independence" below), nor will there be any competition between our Group and the ServiceOne Group.

Financial independence

We have independent financial and accounting systems, independent treasury function for receiving cash and making payments and independent access to third party financing without relying on any guarantee or relying on any advance from our Controlling Shareholders and their close associates for business operations. We make financial decisions according to our own business needs. During the Track Record Period and up to the Latest Practicable Date, other than advances of an aggregate amount of approximately HK\$4.0 million from China Expert to our Group which had been fully settled in November 2015, there were no outstanding credit facilities or bank guarantees provided by our Group to our Controlling Shareholders or their respective associates, and vice versa.

As such, our Directors consider that our Group is capable of operating independently of our Controlling Shareholders from the financial perspective.

Operational independence

Given the key differences in the service scope between the IT Infrastructure Solutions Business operated by us and that of the IT Support Business operated by the ServiceOne Group, our Group has established our own organisational structure made up of individual operational departments, each with specific areas of responsibilities, including outside and inside sales departments, business development department, technology services department and procurement and logistics department. On 1 March 2016, we ceased to share the cost of

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

the finance department and the human resources and administration department with the ServiceOne Group and established our own finance department and human resources and administration department, to maintain our operational independence of the ServiceOne Group. Our Group has our own team of staff to carry out our own operations independently of the ServiceOne Group.

We have our own customers, suppliers and sub-contractors and have access to our customers, suppliers and sub-contractors independently of our Controlling Shareholders. However, given that our customers who required our IT infrastructure solutions may also require post-implementation services, which the ServiceOne Group provides, we served common customers with the ServiceOne Group during the Track Record Period. For the years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, the number of common customers of our Group and the ServiceOne Group amounted to 225, 209 and 124, respectively, representing approximately 20.5%, 18.6% and 14.8%, respectively, of the total number of customers of our Group and approximately 22.6%, 21.9% and 15.7%, respectively, of the total number of customers of the ServiceOne Group. Such common customers contributed to approximately 45.1%, 36.6% and 29.9%, respectively, of the total revenue of our Group, and approximately 7.5%, 8.0% and 5.1%, respectively, of the total revenue of the ServiceOne Group, for the years ended 31 March 2014 and 2015 and the six months ended 30 September 2015. Notwithstanding the fact that we served common customers with the ServiceOne Group, the nature of services provided by us and the ServiceOne Group to such customers is distinct, not a substitute for and not inter-conditional. There was no contract bundling or joint bidding between our Group and the ServiceOne Group during the Track Record Period and up to the Latest Practicable Date. The common customers between us and the ServiceOne Group was mainly due to the fact that, as illustrated in the diagram in the paragraph headed “Clear delineation between the business of our Group and the ServiceOne Group” above, our Group and the ServiceOne Group are engaged in different stages involved in a typical IT infrastructure service chain to cater for customers’ different needs. As such, our Directors consider that such overlap of customers does not constitute any competition (whether actual or potential) between our Group and the ServiceOne Group given the distinct scope of services provided. Furthermore, our Group and the ServiceOne Group did not bid or tender for the same contract during the Track Record Period and up to the Latest Practicable Date, and our Directors believe that our Group will not bid or tender for the same contract with the ServiceOne Group after the Listing.

Although we have a team of in-house technical staff to carry out the implementation and integration work of our IT infrastructure solutions projects, we generally outsource certain implementation work, such as hardware installation and wiring work which requires broad level of skills but large labour force (the “**Outsourcing Implementation Work**”), provision of extended product warranties as required by certain customers after the lapse of the original product warranties offered by our manufacturer suppliers (the “**Extended Warranty Work**”, collectively with the Outsourcing Implementation Work, the “**Outsourcing IT Support Services**”) and certain specialised software implementation (which requires high level of specialised expertise that our Group may not possess, and our Group outsources such work to sub-contractors because we consider that this minimises our need to employ special skilled labour in certain specialised areas), configuration and/or customisation work, to our sub-contractors (including the ServiceOne Group) and its suppliers in some circumstances so as to maintain our flexibility and cost effectiveness in carrying out the projects. In such cases, we normally invite service providers listed on our internal list of approved sub-contractors which is updated quarterly (including the ServiceOne Group) to submit quotations, and then we select the service providers fairly after taking into account of their performance in terms of their efficiency, service

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

quality, responsiveness to our requests and fee levels after completion of each project. Our in-house technical staff possess the technical skills to provide the Outsourcing IT Support Services. However, taking into account of the labour intensive nature of the Outsourcing IT Support Services and for the purpose of efficient cost management, our Group decides to outsource the Outsourcing IT Support Services to sub-contractors (including the ServiceOne Group), instead of hiring and maintaining a large pool of IT technical staff to provide the Outsourcing IT Support Services.

As mentioned above, as it is not within our business scope to provide post-implementation services, such as the Extended Warranty Work, and the Outsourcing IT Support Services on a standalone basis, there is no overlap of the business scope between our Group and the ServiceOne Group (save that our Group will engage the ServiceOne Group to provide the Outsourcing IT Support Services), or competition between our Group and the ServiceOne Group.

Our Group engaged the ServiceOne Group as sub-contractor for carrying out the Outsourcing IT Support Services with an aggregate contract sum of approximately HK\$2,266,000.0, HK\$2,778,000.0 and HK\$1,750,000.0, respectively, for the years ended 31 March 2014 and 2015 and the six months ended 30 September 2015. The price of such Outsourcing IT Support Services was determined on arm's length negotiation between the parties with reference to, among others, the prevailing market rate. Our Group has been and is able to procure services similar to the Outsourcing IT Support Services from Independent Third Parties at comparable rates.

During the Track Record Period and up to 29 February 2016, our Group shared with the ServiceOne Group the cost of the finance department, and the human resources and administration department on an agreed headcount allocation basis, and such sharing arrangement ceased on 1 March 2016. For more information of the said sharing arrangement, please refer to Note 27 to the Accountant's Report as set out in Appendix I to this prospectus. Our Group and the ServiceOne Group are currently engaged in, and will continue to engage in, certain transactions such as the sharing of office and administrative expenses and the provision of the Outsourcing IT Support Services by the ServiceOne Group to our Group, which will constitute continuing connected transactions under Chapter 20 of the GEM Listing Rules with details set out in the section headed "Connected Transactions" in this prospectus. Given that our Group has carried out our finance, human resources and administrative functions independently of the ServiceOne Group since 1 March 2016 and the amounts of the continuing connected transactions are insignificant, our Directors consider that these arrangements and transactions between our Group and the ServiceOne Group do not affect our Group's operational independence of the ServiceOne Group.

We have also established a set of internal control procedures to facilitate the effective operation of our business.

Given the above, our Directors consider that our Group is capable of operating independently of our Controlling Shareholders and their respective close associates (other than members of our Group).

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Management independence

Despite that five members of our Board (namely Mr. Wong (being our chairman and a non-executive Director), Mr. Lau (being our chief executive officer and an executive Director) and Mr. Chu, Mr. Mok and Mr. Cheung (all being our non-executive Directors)) are our Controlling Shareholders, our Directors consider that the independence of management between our Group and our Controlling Shareholders and their respective close associates (other than members of our Group) will not be affected, after taking into account of the following factors:

- (a) each of Mr. Wong and Mr. Chu is a director of ServiceOne Global and Mr. Mok is a senior vice president of ServiceOne HK, and each of them holds a non-executive role in our Group, has not taken part in, and will not take part in, the daily management of our Group;
- (b) Mr. Lau holds an executive role in our Company, but he has not been involved and will not be involved in the management of the ServiceOne Group, notwithstanding that Mr. Lau is one of the ultimate shareholders of the ServiceOne Group (through his interest in China Expert);
- (c) Mr. Cheung, who holds a non-executive role in our Group (i.e. responsible for providing market and industry knowledge in assisting the strategic planning of our Group), is not involved in the daily management of our Group or of the ServiceOne Group;
- (d) four independent non-executive Directors have been appointed by us to provide checks and balances over our Board's decisions in relation to major transactions, connected transactions and/or any other transactions which would involve any actual or potential conflict of interests. As at the Latest Practicable Date, each of Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung and Mr. Wong was a shareholder of China Expert, which owned 70.0% interest of ServiceOne Global and Mr. Chan did not have any equity interest in the ServiceOne Group. Notwithstanding that Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung, Mr. Wong and Mr. Chan (the latter being an employee of the ServiceOne Group responsible for overseeing the finance and accounting, and human resources and administration functions of the ServiceOne Group) have relationship with the ServiceOne Group, Ms. Lau, Mr. So (both being our executive Directors) and our four independent non-executive Directors are independent of the ServiceOne Group. Our Board can function properly even with Ms. Lau, Mr. So and our four independent non-executive Directors only. For example, if there is such a transaction of our Group, which all of Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung, Mr. Wong and Mr. Chan are (or are deemed to be) interested in and thus are required to abstain from voting on, Ms. Lau and Mr. So (both being our executive Directors) as well as our four independent non-executive Directors would be competent to make decisions in respect of such transaction. Ms. Lau and Mr. So have more than 15 years of experience in the IT industry. Our independent non-executive Directors have also accumulated relevant experience in the IT industry which can be applied by them when they act as independent non-executive Directors. Mr. Au is an executive director of finance and administration of Matilda International Hospital ("**Matilda**"), responsible for overseeing, among others, the IT department of Matilda as well as the development and improvement of the IT systems of Matilda. Mr. Chung worked as a parts department engineer in AST Australia Pty Ltd., a computer manufacturer in Australia, from September 1994 to September 1995, during which he was responsible

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

for PC, notebook and server maintenance. While he worked as the general manager — regional head, eastern region construction materials in K. Wah Construction Materials (China) Limited (“**K. Wah China**”), which is engaged in the manufacturing of construction materials in China, from April 2011 to October 2015, Mr. Chung, among others, supervised the regional IT department of K. Wah China which was responsible for the development and improvement of the IT systems and operations of K. Wah China in China. Mr. Mak had taken up various managerial roles in Swire & Maclaine Ltd. (“**Swire & Maclaine**”), a trading company, from January 1988 to June 2000. He, among others, oversaw the operations and management of the IT systems of Swire & Maclaine, from June 1988 to June 1994. In addition to the relevant IT industry experience, our independent non-executive Directors also possess managerial skills acquired from their senior management work experience. For further details of our independent non-executive Directors, Ms. Lau and Mr. So, please refer to the section headed “Directors and Senior Management” in this prospectus;

- (e) each of our Directors has confirmed that he/she is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;
- (f) given the distinct differences in the skill-sets of staff and clear business delineation between our Group and the ServiceOne Group, our Group is managed by a team of experienced senior management who can carry on our business independently of our Controlling Shareholders and also provide assistance and support to directors of our major operating subsidiaries in the daily management of the relevant subsidiary. For details of our senior management, please refer to the section headed “Directors and Senior Management” in this prospectus; and
- (g) our Group has adopted corporate governance measures, such as establishing (i) the audit committee which is responsible for reviewing and supervising the financial reporting process and internal control system of our Group independently; (ii) the remuneration committee which will ensure that our Directors are properly remunerated without being influenced by our Controlling Shareholders; and (iii) the nomination committee which will ensure that only persons with capability and relevant experience are appointed as Directors to avoid the appointment of individuals who may affect the independence of our Board.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

NO COMPETITION BETWEEN OUR GROUP AND THE SERVICEONE GROUP

Our Directors are of the view that there is no competition between our Group and the ServiceOne Group after taking into account of the independence in finance, operation and management between our Group and our Controlling Shareholders and their respective close associates (other than members of our Group). For further details, please refer to the paragraph headed “Independence from our Controlling Shareholders” in the above section.

Our Controlling Shareholders and our Directors have confirmed that none of them has any direct or indirect interest in any businesses or companies that are engaged in any business activities that compete or may compete with our Group's business activities. Furthermore, to ensure there will not exist any competition between our Group and our Controlling Shareholders and their respective close associates (other than members of our Group) regarding the business currently engaged by our Group in the future, our Controlling Shareholders entered into a deed of non-competition in favour of our Company dated 15 March 2016, with details set out in the paragraph headed “Non-competition undertaking” in this section below.

Non-competition undertaking

Subject to the terms therein, our Controlling Shareholders as covenantors (collectively, the “**Covenantors**”) entered into a deed of non-competition in favour of our Company dated 15 March 2016 (the “**Deed of Non-Competition**”), pursuant to which each of the Covenantors has undertaken to our Company (for itself and as trustee for the other members of our Group) that he shall not, and shall procure that his associates not to:

- (a) whether on his own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, whether for profit or not, carry on, engage, invest, be interested or involved or engaged in, acquire or hold any rights or interest (in each case whether as a principal, shareholder, partner, agent, consultant, employee or otherwise and whether for profit, reward or otherwise), or otherwise be involved in any business which competes or is likely to compete directly or indirectly with the business currently engaged by our Group as mentioned in this prospectus (the “**Restricted Business**”); or
- (b) whether on his own account or in conjunction with or on behalf of any person, firm or company, or as a principal, shareholder, partner, agent, consultant, employee or otherwise and whether for profit, reward or otherwise, directly or indirectly, solicit, interfere with or endeavour to entice away from any member of our Group any person, firm, company or organisation who to his knowledge is now or has been a customer, supplier or employee of any member of our Group.

Each of the Covenantors has also undertaken that:

- (a) if he and/or any of his associates is offered of any project or new business opportunity that relates to the Restricted Business, whether directly or indirectly, he shall: (i) promptly notify our Company in writing of such opportunity and provide such information as is reasonably required by our Company in order to enable our Company to come to an informed assessment of such opportunity; and (ii) use his best endeavours to procure that such opportunity is offered to our Company or one of its subsidiaries on terms no less favourable than the terms on which such opportunity is offered to him and/or his associates;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) he will, and will procure his associates with material interests to, abstain from voting at all meetings of Directors and holders of the Shares on resolutions involving the exercise or non-exercise of the right of our Group to participate in the relevant Restricted Business;
- (c) he will provide all information necessary to our Company for the enforcement of the Deed of Non-Competition; and
- (d) he will make an annual declaration in favour of our Company on whether he has complied with the terms of the Deed of Non-Competition, for inclusion in the annual reports of our Company in the manner consistent with the principles of making voluntary disclosures in the corporate governance report of the annual reports of our Company.

The Deed of Non-Competition and the rights and obligations thereunder are conditional on the conditions stated in the paragraph headed “Conditions of the Placing” in the section headed “Structure and Conditions of the Placing” in this prospectus being fulfilled.

The obligations of the Covenantors under the Deed of Non-Competition will remain in effect until the earlier of:

- (a) the day on which our Shares cease to be listed on the Stock Exchange; or
- (b) the day on which the relevant Covenantor ceases to be a Director (if applicable), or the day on which the relevant Covenantor and his associates, individually or taken as a whole, cease to own or hold 5.0% or more of the entire issued Shares, whichever is later.

Each of the Covenantors also represented and warranted to our Company in the Deed of Non-Competition that neither he nor any of his associates is currently interested, involved or engaged, directly or indirectly, in (whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) the Restricted Business otherwise than through our Group.

Under the Deed of Non-Competition, each and every obligation, covenant, and undertaking of Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung and Mr. Wong therein are joint and several in respect of Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung and Mr. Wong.

As the Covenantors have given non-competition undertakings in favour of our Company, and none of them has interests in other businesses that compete or are likely to compete with the business of our Group, our Directors are of the view that our Group is capable of carrying on our business independently of the Covenantors following the Listing.

As at the Latest Practicable Date, none of the Covenantors and our Directors had interests in any business which competes or is likely to compete with the business of our Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES TO AVOID CONFLICT OF INTERESTS

Our Company will adopt the following measures to manage the potential conflict of interests arising from competing business and to safeguard the interests of our Shareholders:

- (a) our independent non-executive Directors will review, on an annual basis, the Deed of Non-Competition to ensure compliance with the non-compete undertaking by our Controlling Shareholders;
- (b) our Controlling Shareholders have undertaken to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and compliance with the Deed of Non-Competition;
- (c) our Company has appointed BOSC International Company Limited as its compliance adviser as required under Rule 6A.19 of the GEM Listing Rules. Please refer to the section headed “Directors and Senior Management” in this prospectus for further details in relation to the appointment of the compliance adviser;
- (d) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance with the Deed of Non-Competition in annual reports or announcements of our Company; and
- (e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall not participate in the relevant Board meetings when matters in which they/their close associates have a material interest are discussed.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective close associates and our Group and to protect the interests of our Company and our Shareholders as a whole.

CONNECTED TRANSACTIONS

We have entered into certain agreements and arrangements with our connected persons (as set out below). Upon the Listing, the transactions disclosed in this section will constitute continuing connected transactions under Chapter 20 of the GEM Listing Rules.

CONNECTED PERSONS

ServiceOne Global, which is the holding company of, among others, ServiceOne HK, is 70.0% owned by China Expert. Therefore, each of ServiceOne Global and ServiceOne HK is an associate of our Controlling Shareholders and will become a connected person of our Company upon the Listing.

Following the Listing, the following transactions are expected to continue between our Group and the relevant connected persons, which will constitute continuing connected transactions under Chapter 20 of the GEM Listing Rules.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Pursuant to Chapter 20 of the GEM Listing Rules, the continuing connected transactions of our Group as set out below are exempted from compliance with the requirements of reporting, annual review, announcement and approval by independent Shareholders under Chapter 20 of the GEM Listing Rules.

Master services agreement

On 1 March 2016, our Company (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) and ServiceOne Global (on its own behalf and as trustee for the benefit of its subsidiaries from time to time) entered into a master services agreement for a term commencing on 1 March 2016 to 31 March 2018 (both days inclusive), pursuant to which our Group and the ServiceOne Group agree to enter into the following transactions:

(a) Sharing of office-related administrative expenses by our Group

- Principal terms:**
- our Group and the ServiceOne Group shall share administrative expenses of the Hong Kong Office such as cleaning and sanitation and utilities (collectively referred to as the “**Premises Expenses**”) and communication charges and office repair and maintenance (collectively referred to as the “**Office Expenses**”, together with the Premises Expenses, the “**ES Administrative Expenses**”).
 - our Group shall pay the ES Administrative Expenses (to the extent applicable) to the third party service providers first and the ServiceOne Group shall reimburse our Group for the expenses payable by the ServiceOne Group pursuant to the ratio mentioned in “Pricing policy” below.

Reasons for transaction: Our Group is sharing the Hong Kong Office with the ServiceOne Group and common expenses will inevitably be incurred in connection with the sharing of the Hong Kong Office.

CONNECTED TRANSACTIONS

Pricing policy: Our Group and the ServiceOne Group shall share the Premises Expenses based on the areas of the Hong Kong Office occupied by our Group and the ServiceOne Group, respectively, and the Office Expenses based on actual headcount of each of our Group and the ServiceOne Group working at the Hong Kong Office on a monthly basis.

Historical amount: For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, the amount of the ES Administrative Expenses paid by the ServiceOne Group to our Group was approximately HK\$2,772,000.0, HK\$3,101,000.0 and HK\$1,602,000.0 (these figures having included those ES Administrative Expenses which ceased to be shared between our Group and the ServiceOne Group with effect from 1 March 2016, being approximately HK\$2,514,000.0, HK\$2,861,000.0 and HK\$1,488,000.0, respectively), respectively.

GEM Listing Rules implications: The aforesaid transactions were entered into on normal commercial terms. Our Directors currently expect that pursuant to Chapter 20 of the GEM Listing Rules, all relevant annual “applicable percentage ratios” of the relevant transactions will be less than 5.0% and the ES Administrative Expenses payable by the ServiceOne Group to our Group per annum will be less than HK\$3,000,000.0. According to Rule 20.74 of the GEM Listing Rules, the aforesaid continuing connected transactions are exempted from compliance with the requirements of reporting, annual review, announcement and approval by independent Shareholders under Chapter 20 of the GEM Listing Rules.

(b) Provision of office and administrative services by the ServiceOne Group

Principal terms: The ServiceOne Group shall provide to our Group: (1) secretarial services in Macau (including provision of registered address in Macau) (the “**Macau Secretarial Services**”); and (2) maintenance and technical support to the IT systems and network of our Group at the Hong Kong Office (the “**Maintenance Services**”, together with the Macau Secretarial Services, the “**SO Administrative Services**”).

Reasons for transaction:

- The business scale of Expert Macau is relatively small and therefore, instead of setting up our permanent office in Macau, it is cost-efficient to engage the ServiceOne Group to provide secretarial services and address in Macau for Expert Macau.
- The ServiceOne Group is one of our IT support service providers for provision of the Maintenance Services in the market.

CONNECTED TRANSACTIONS

- Pricing policy:**
- With respect to the Macau Secretarial Services, the ServiceOne Group shall charge our Group a nominal monthly fee of HK\$1,000.0.
 - With respect to the Maintenance Services, the service fees charged by the ServiceOne Group shall be no less favourable than the fees charged by Independent Third Parties for providing the same or similar services to our Group.
- Historical amount:** For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, the amount of the fees paid for the Maintenance Services was approximately HK\$42,000.0, HK\$38,000.0 and HK\$24,000.0, respectively and no fees for the Macau Secretarial Services were charged.
- GEM Listing Rules implications:** The aforesaid transactions were entered into on normal commercial terms. Our Directors currently expect that pursuant to Chapter 20 of the GEM Listing Rules, all relevant annual “applicable percentage ratios” of the relevant transactions will be less than 5.0% and the total fees for the SO Administrative Services payable to the ServiceOne Group by our Group per annum will be less than HK\$3,000,000.0. According to Rule 20.74 of the GEM Listing Rules, the aforesaid continuing connected transactions are exempted from compliance with the requirements of reporting, annual review, announcement and approval by independent Shareholders under Chapter 20 of the GEM Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Our Company and ServiceOne Global entered into the Framework IT Support Agreement, details of which are set out below:

Date: 1 March 2016

Parties:

- (a) our Company (for itself and as trustee for the benefit of its subsidiaries from time to time); and
- (b) ServiceOne Global (for itself and as trustee for the benefit of its subsidiaries from time to time)

ServiceOne Global, which is the holding company of, among others, ServiceOne HK, is 70.0% owned by China Expert. Therefore, ServiceOne Global is an associate of our Controlling Shareholders and will become a connected person of our Company upon the Listing.

CONNECTED TRANSACTIONS

Principal terms:	Pursuant to the Framework IT Support Agreement, the ServiceOne Group shall provide IT support services to our Group for our Group to implement its IT infrastructure solutions for its customers, which services our Group generally does not carry out on its own but outsources to sub-contractors, i.e. certain implementation work that requires broad level of skills but large labour force and provision of extended product warranties after the lapse of the original product warranties offered by our Group's manufacturer suppliers, so as to maintain our Group's flexibility and cost effectiveness in carrying out our Group's projects, details of which are set out in the paragraph headed "Outsourcing" in the section headed "Business" in this prospectus (the " Outsourcing IT Support Services ").
Term of agreement:	commencing on 1 March 2016 to 31 March 2018 (both days inclusive).
Reasons for transaction:	(a) Our Group does not carry out the Outsourcing IT Support Services on its own but outsources such work to our sub-contractors as set out in the paragraph headed "Outsourcing" in the section headed "Business" in this prospectus; (b) our Group has engaged the ServiceOne Group for the provision of the Outsourcing IT Support Services to its customers in some of our Group's projects in the past and the work provided by the ServiceOne Group was satisfactory; and (c) the service fees charged in respect of the Outsourcing IT Support Services by the ServiceOne Group were determined on normal commercial terms.
Pricing policy:	<p>The service fees for the Outsourcing IT Support Services will be determined from time to time by the parties on arm's length basis and normal commercial terms and with reference to, among others, the requirements of our Group in respect of the Outsourcing IT Support Services to be provided, the prevailing market prices for the same or similar Outsourcing IT Support Services obtained from independent IT support service providers, the prevailing market competitive conditions, and any other factors which may affect the terms and conditions (including the fees for the Outsourcing IT Support Services) at the material times.</p> <p>Before our Group engages the ServiceOne Group to provide the Outsourcing IT Support Services, our Group will obtain quotations for the same or similar services that may be available from independent IT support service providers in order to determine whether viable alternatives of comparable quality can be obtained in a timely manner and at the most competitive price.</p>
Historical amount:	For each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, the amount of the service fees paid by our Group to the ServiceOne Group for the Outsourcing IT Support Services was approximately HK\$2,266,000.0, HK\$2,778,000.0 and HK\$1,750,000.0, respectively.

CONNECTED TRANSACTIONS

Annual cap:

For the year ending 31 March 2016, 2017 and 2018, the total amount of the service fees for the Outsourcing IT Support Services payable by our Group to the ServiceOne Group shall not exceed the following caps:

Proposed annual cap for the year ending 31 March			
	2016	2017	2018
Total amount of the service fees	HK\$3,500,000.0	HK\$4,200,000.0	HK\$5,040,000.0

Basis of annual cap:

In determining the above annual caps, our Directors have considered the historical amount of the fees paid for the Outsourcing IT Support Services during the Track Record Period and the estimated increase in the demand for our Group's services of 15.0% per annum and possible inflation of the service fees of 5.0% per annum in the coming three financial years, taking into account that the amount of service fees paid by our Group to the ServiceOne Group for the Outsourcing IT Support Services increased by approximately 22.6% from the year ended 31 March 2014 to the year ended 31 March 2015, the revenue of our Group increased by approximately 15.4% from the year ended 31 March 2014 to the year ended 31 March 2015 and the estimated amount of the service fees for the year ending 31 March 2016 is based on the annualised service fees for the Outsourcing IT Support Services for the six months ended 30 September 2015. Barring unforeseen circumstances and with reference to the portion of the Outsourcing IT Support Services from the ServiceOne Group to the total service fees paid to the ServiceOne Group and the Independent Third Party sub-contractors during the Track Record Period, it is estimated that the Outsourcing IT Support Services from the ServiceOne Group will account for less than 15.0% to the total outsourcing services to be provided by the ServiceOne Group and the Independent Third Party sub-contractors to the Group for the three years ending 31 March 2018.

**GEM Listing Rules
implication:**

By using the above proposed annual caps as the numerators for the calculation of percentage ratios, all the relevant percentage ratios calculated for the relevant transactions under the Framework IT Support Agreement pursuant to Chapter 20 of the GEM Listing Rules will be less than 25.0% and the annual consideration will be less than HK\$10,000,000.0. Therefore, according to Rule 20.74 of the GEM Listing Rules, the transactions contemplated under the Framework IT Support Agreement are subject to the requirements of reporting, announcement and annual review under Chapter 20 of the GEM Listing Rules but are exempted from compliance with the requirements of approval by independent Shareholders.

CONNECTED TRANSACTIONS

APPLICATION FOR WAIVER FROM COMPLIANCE WITH CHAPTER 20 OF THE GEM LISTING RULES

By using the above proposed annual caps as the numerators for the calculation of percentage ratios, the relevant percentage ratios calculated for the relevant transactions under the Framework IT Support Agreement pursuant to Chapter 20 of the GEM Listing Rules will be less than 25.0% and the annual consideration is less than HK\$10,000,000.0. Therefore, according to Rule 20.74 of the GEM Listing Rules, the transactions contemplated under the Framework IT Support Agreement are subject to the requirements of reporting, announcement and annual review under Chapter 20 of the GEM Listing Rules but are exempted from compliance with the requirements of approval by independent Shareholders. Since the above partially exempted continuing connected transactions will be carried out frequently, our Directors are of the view that strict compliance with the announcement requirement will not be practicable and unnecessary administrative expenses will be incurred by our Company. Therefore, our Company has made an application to the Stock Exchange and has been granted a waiver by the Stock Exchange from strict compliance with the announcement requirement with respect to connected transactions as set out in Chapter 20 of the GEM Listing Rules, on the following conditions:

- (a) the annual cap amount for the continuing connected transactions under the Framework IT Support Agreement for each of the three financial years ending 31 March 2018 as stated above will not be exceeded; and
- (b) our Company shall comply/continue to comply with the relevant provisions of Chapter 20 of the GEM Listing Rules, including the proposed annual caps set out above in relation to the continuing connected transactions under the Framework IT Support Agreement.

If any terms of the Framework IT Support Agreement are altered or if our Group enters into any new agreements with any connected persons in the future, our Group will fully comply with the relevant requirements under Chapter 20 of the GEM Listing Rules unless our Group applies for and obtains a separate waiver from the Stock Exchange.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) confirm that the Framework IT Support Agreement has been and shall be entered into in the ordinary and usual course of business of our Group and on normal commercial terms or better that are fair and reasonable and in the interests of our Shareholders as a whole; and the proposed annual cap amounts set out above are fair and reasonable and in the interests of our Shareholders as a whole.

CONFIRMATION FROM THE SPONSOR

The Sponsor is of the view that the Framework IT Support Agreement has been and shall be entered into in the ordinary and usual course of business of our Group and on normal commercial terms or better that are fair and reasonable and in the interests of our Shareholders as a whole; and the proposed annual cap amounts set out above are fair and reasonable and in the interests of our Shareholders as a whole.

CONNECTED TRANSACTIONS

POSSIBLE CONNECTED TRANSACTIONS

During the Track Record Period, the ServiceOne Group purchased IT products from our Group on ad-hoc basis, and such transactions amounted to approximately HK\$257,000.0, HK\$174,000.0 and HK\$504,000.0, for each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015, respectively. It is not certain whether the ServiceOne Group would purchase IT products from our Group after Listing. If the ServiceOne Group purchases IT products from our Group after Listing, such transactions will constitute connected transactions of our Company and our Company will comply with the applicable requirements under the GEM Listing Rules.

WAIVER IN RESPECT OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into the Framework IT Support Agreement with ServiceOne Global, pursuant to which our Group will engage the ServiceOne Group, from time to time, to provide IT support services to us to enable us to implement our IT infrastructure solutions for our customers, which services our Group generally does not carry out on its own.

As ServiceOne Global is owned as to 70.0% by China Expert, ServiceOne Global is an associate of our Controlling Shareholders and will be a connected person of our Company upon the Listing, and that the transactions contemplated under the Framework IT Support Agreement are expected to continue following the Listing, the transactions under the Framework IT Support Agreement will constitute continuing connected transactions of our Company. Based on the proposed annual cap amounts for the aggregate amounts paid or payable by our Group under the Framework IT Support Agreement, as each of the applicable percentage ratios under the GEM Listing Rules will be less than 25.0% and the annual consideration will be less than HK\$10,000,000.0 and given that the agreement is on normal commercial terms, according to Rule 20.74 of the GEM Listing Rules, the transactions contemplated under the Framework IT Support Agreement will be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under the GEM Listing Rules.

Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver in relation to the said continuing connected transactions of our Company under Chapter 20 of the GEM Listing Rules. For further details, please see the paragraphs headed "Non-exempt Continuing Connected Transactions" and "Application for Waiver from Compliance with Chapter 20 of the GEM Listing Rules" in the section headed "Connected Transactions" in this prospectus.

SHARE CAPITAL

SHARE CAPITAL

The following table is prepared on the basis that the Capitalisation Issue and the Placing have been effected. This table does not take into account any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased pursuant to the Issuing Mandate and the Repurchase Mandate.

<i>Authorised share capital</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Shares of HK\$0.01 each	<u>100,000,000.0</u>

Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Placing:

10,000,000	Shares in issue as of the date of this prospectus	100,000.0
200,000,000	Shares to be issued under the Placing	2,000,000.0
<u>590,000,000</u>	Shares to be issued pursuant to the Capitalisation Issue	<u>5,900,000.0</u>
<u>800,000,000</u>		<u>8,000,000.0</u>

The Shares referred to in the above table have been or will be fully paid or credited as fully paid when issued.

Assumptions

The above table assumes that the Capitalisation Issue and the Placing become unconditional and the issue of Shares pursuant thereto is made as described herein. It takes no account of any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the Issuing Mandate and the Repurchase Mandate.

Ranking

The Placing Shares will rank pari passu in all respects with all Shares in issue and/or to be allotted and issued as mentioned in this prospectus and will qualify for all dividends or other distributions hereafter declared, paid or made on the Shares save with respect to the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme, the principal terms of which are set out in the paragraph headed "D. Share Option Scheme" in Appendix IV to this prospectus.

SHARE CAPITAL

ISSUING MANDATE

Subject to the conditions set out in the paragraph headed “Conditions of the Placing” in the section headed “Structure and Conditions of the Placing” in this prospectus being fulfilled, our Directors have been granted a general mandate to exercise all the powers of our Company to allot, issue and deal with the Shares with an aggregate nominal value not exceeding:

- (a) 20.0% of the aggregate nominal value of the Shares in issue immediately following completion of the Capitalisation Issue and the Placing (excluding any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme); and
- (b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the Repurchase Mandate.

This mandate will expire:

- (a) at the conclusion of the next annual general meeting of our Company; or
- (b) upon the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable law to be held; or
- (c) the passing of an ordinary resolution of the Shareholders in general meeting revoking or varying such mandate,

whichever is the earliest.

For further details of the Issuing Mandate, please refer to the paragraph headed “5. Resolutions in writing of our Shareholders passed on 15 March 2016” in Appendix IV to this prospectus.

REPURCHASE MANDATE

Subject to the conditions set out in the paragraph headed “Conditions of the Placing” in the section headed “Structure and Conditions of the Placing” in this prospectus being fulfilled, our Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10.0% of the aggregate nominal amount of the share capital of our Company in issue following the completion of the Capitalisation Issue and the Placing (excluding any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are in accordance with all applicable laws and the GEM Listing Rules. A summary of the relevant requirements of the GEM Listing Rules on the Repurchase Mandate is set out in the paragraph headed “6. Repurchase by our Company of our own securities” in Appendix IV to this prospectus.

This mandate will expire:

- (a) at the conclusion of the next annual general meeting of our Company; or

SHARE CAPITAL

- (b) upon the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable law to be held; or
- (c) the passing of an ordinary resolution of the Shareholders in general meeting revoking or varying such mandate,

whichever is the earliest.

For further information about the Repurchase Mandate, please refer to the paragraph headed “5. Resolutions in writing of our Shareholders passed on 15 March 2016” in Appendix IV to this prospectus.

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our combined financial statements as at and for each of the two years ended 31 March 2014 and 2015 and six months ended 30 September 2015 together with the accompanying notes, included in Appendix I to this prospectus. Our combined financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, which may differ in material respects from the generally accepted accounting principles in other jurisdictions.

The following discussion contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether actual outcome and developments will meet our expectations and predictions depend on a number of factors over which we have no control. You should review the section headed "Risk Factors" in this prospectus for a discussion of the important factors that could cause our actual results to differ materially from the results described in or implied by forward-looking statements.

Our financial year begins from 1 April and ends on 31 March. All references to "FY2014" and "FY2015" mean the financial years ended 31 March 2014 and 31 March 2015, respectively. All references to "1H2015" and "1H2016" mean the six months ended 30 September 2014 and 30 September 2015, respectively.

OVERVIEW

We are one of the long-established and renowned IT infrastructure solutions providers in Hong Kong based on the numerous awards and recognitions we have received from our manufacturer suppliers in recognition of our technical capabilities and exceptional performance in marketing their products.

We provide IT infrastructure solutions to our customers whereby we assess, design and implement IT infrastructure solutions for our customers by integrating different software and hardware sourced from third party suppliers to satisfy various IT requirements and needs of our customers.

During the Track Record Period, the end-users of our IT infrastructure solutions included customers from both the private and public sectors. Our customers in the private sector cover medium-sized to large multinational and local business enterprises in various industries whereas our customers in the public sector encompass the Government, education institutions and NGOs. We generally charge our customers on a fixed price basis based on our customers' requirements, scope of work and cost of IT hardware and/or software.

Our suppliers include prominent international and local hardware and/or software manufacturers and distributors. We are the authorised resellers for most of our manufacturer suppliers in Hong Kong and/or Macau. We normally place orders with our suppliers upon confirmation of orders from our customers on a back-to-back basis.

FINANCIAL INFORMATION

The following table sets out our Group's revenue generated from our provision of IT infrastructure solutions by our customers' industry sector during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2014		2015		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(approximately)		(approximately)		(approximately)		(approximately)	
Private sector	145,309	52.9	169,028	53.3	86,061	56.3	74,732	52.9
Public sector								
— Government	57,484	20.9	61,313	19.4	22,380	14.6	24,744	17.5
— Education and NGO	71,996	26.2	86,661	27.3	44,539	29.1	41,825	29.6
Sub-total	<u>129,480</u>	<u>47.1</u>	<u>147,974</u>	<u>46.7</u>	<u>66,919</u>	<u>43.7</u>	<u>66,569</u>	<u>47.1</u>
Total revenue	<u><u>274,789</u></u>	<u><u>100.0</u></u>	<u><u>317,002</u></u>	<u><u>100.0</u></u>	<u><u>152,980</u></u>	<u><u>100.0</u></u>	<u><u>141,301</u></u>	<u><u>100.0</u></u>

During the Track Record Period, we derived our revenue from Hong Kong and Macau. The following table sets out our Group's revenue by geographical location during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2014		2015		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(approximately)		(approximately)		(approximately)		(approximately)	
Hong Kong	266,719	97.1	308,566	97.3	148,701	97.2	138,238	97.8
Macau	8,070	2.9	8,436	2.7	4,279	2.8	3,063	2.2
Total revenue	<u><u>274,789</u></u>	<u><u>100.0</u></u>	<u><u>317,002</u></u>	<u><u>100.0</u></u>	<u><u>152,980</u></u>	<u><u>100.0</u></u>	<u><u>141,301</u></u>	<u><u>100.0</u></u>

KEY FACTORS AFFECTING OUR FINANCIAL POSITION AND RESULTS OF OUR OPERATIONS

Our ability to be retained as authorised resellers for major manufacturer suppliers of hardware and/or software in the global market

We are the authorised resellers in Hong Kong and/or Macau for most of our manufacturer suppliers. Through the resellership programmes, we have been given various resources, support and incentives by many of our manufacturer suppliers, and in general we would have direct access to sales and technical teams as well as the knowledge database of these manufacturer suppliers to assist us with any issue or difficulty that we may encounter in implementation of our IT infrastructure solutions projects. Our close collaboration with our manufacturer suppliers has enabled us to acquire advanced and extensive skills and knowledge in the latest IT technologies. As a result, we are capable of delivering more customer-specific, productive and high quality IT infrastructure solutions to meet the ever-changing IT requirements of our customers in a timely and cost-efficient manner, thereby allowing us to strengthen our relationships with existing customers and attract business from new customers. As our business relies heavily on our ability to provide high quality IT infrastructure solutions that suits the specific needs of our customers, failure to be retained as authorised resellers by our major manufacturer suppliers of hardware and/or software may reduce our competitiveness, increase our purchase costs and hence decrease our gross profit margin and affect our profitability.

FINANCIAL INFORMATION

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in gross profit margin on our profit before income tax expense for the Track Record Period. Fluctuations are assumed to be 1.5 percentage point, 1.0 percentage point, and 0.5 percentage point for FY2014, FY2015 and 1H2016, respectively.

Change in gross profit margin	+1.5 percentage point HK\$'000	+1.0 percentage point HK\$'000	+0.5 percentage point HK\$'000	-0.5 percentage point HK\$'000	-1.0 percentage point HK\$'000	-1.5 percentage point HK\$'000
<i>Impact on profit before income tax expense for</i>						
FY2014	4,122	2,748	1,374	(1,374)	(2,748)	(4,122)
FY2015	4,755	3,170	1,585	(1,585)	(3,170)	(4,755)
1H2016	2,120	1,413	707	(707)	(1,413)	(2,120)

Our ability to keep up with technological changes in the IT infrastructure industry

The IT infrastructure solutions industry is characterised by rapid technological improvements, evolving industry standards, changing customer preferences and frequent introduction of new solutions, services and products. Our ability to develop innovative solutions and services to meet our customers' evolving needs is critical to our competitiveness and reputation. If we are unable to adapt to evolving market demand and the continuing development and progress of IT technologies, our ability to innovate and meet customer needs would suffer and our profitability and financial performance may be adversely affected.

Our ability to recruit and retain our eligible staff and to control our staff cost

Our business success depends heavily on the services provided by our staff and on our ability to attract, train and retain skilled technical staff with extensive experience in IT infrastructure solutions, who are not easily replaceable in the job market. Moreover, we believe that the number of eligible staff are fairly limited in the market especially those with experience in IT infrastructure solutions. Should we fail to retain our eligible staff, our capability to provide services to meet the needs of our customers may be adversely affected due to a shortfall in our workforce, which would negatively affect our profitability and financial performance.

Our staff cost was a major component of our Group's selling expenses and administrative expenses, which accounted for approximately 81.3%, 86.4% and 79.2% of our Group's total selling expenses and administrative expenses, and approximately 7.5%, 7.7% and 9.5% of our Group's total revenue for FY2014, FY2015 and 1H2016, respectively. Total staff cost increased from approximately HK\$20.5 million in FY2014 to approximately HK\$24.4 million in FY2015 due to the increase in commissions and increments in salaries for our staff, and increased slightly from approximately HK\$12.2 million in 1H2015 to approximately HK\$13.4 million in 1H2016. Should we fail to control our staff cost, our profitability and financial performance may be affected adversely.

FINANCIAL INFORMATION

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our staff cost on our profit before income tax expense for the Track Record Period. Fluctuations are assumed to be 5.0%, 8.0%, and 10.0% for FY2014, FY2015 and 1H2016, respectively.

Change in staff cost	+10.0%	+8.0%	+5.0%	-5.0%	-8.0%	-10.0%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Impact on profit before income tax expense for</i>						
FY2014	(2,050)	(1,640)	(1,025)	1,025	1,640	2,050
FY2015	(2,445)	(1,956)	(1,222)	1,222	1,956	2,445
1H2016	(1,337)	(1,069)	(668)	668	1,069	1,337

Our ability to be retained as an approved contractor of the Government

Being an approved contractor of the Government for the provision of server systems and personal computer equipment and related services has allowed us to provide IT infrastructure solutions to the Government. Revenue derived from the provision of our IT infrastructure solutions to the Government accounted for approximately 20.9%, 19.4% and 17.5% of our total revenue in FY2014, FY2015 and 1H2016, respectively. Should we fail to continue to be an approved contractor of the Government, our revenue derived from Government projects may reduce significantly. In such event, our revenue base and financial performance would be adversely affected.

REORGANISATION AND BASIS OF PRESENTATION

Our Company was incorporated on 18 September 2015 in the Cayman Islands as an exempted company with limited liability under the Companies Law in preparation for the listing of our Shares. Pursuant to the Reorganisation as disclosed in the section headed "History, Reorganisation and Group Structure" in this prospectus, our Company became the holding company of all the existing subsidiaries of our Company on 9 November 2015. Apart from the Reorganisation, our Company has not commenced any business or operation since its incorporation.

The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of our Group, which include the results, changes in equity and cash flows of the companies comprising our Group for the Track Record Period, have been prepared as if the current structure had been in existence throughout the Track Record Period, or since their respective dates of acquisition or incorporation/establishment, where this is a shorter period. The combined statements of financial position of our Group as at 31 March 2014, 31 March 2015 and 30 September 2015 have been prepared to present the state of affairs of our Group as if the current structure had been in existence as at these dates or their respective dates of acquisition or incorporation/establishment, whichever is the shorter period.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

We have identified certain significant accounting policies that are critical to the preparation of our financial information. These significant accounting policies are important for an understanding of our financial position and results of operations and are set out in Note 5 “Summary of Significant Accounting Policies” of the Accountant’s Report of our Group as set out in Appendix I to this prospectus.

The preparation of the financial information requires our management to make significant and subjective estimates, assumptions and judgments based on our own historical experience, knowledge and assessment of our business conditions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period during the Track Record Period.

As use of estimates and judgment form an integral part of the financial reporting process, the actual results may differ from these assumptions, estimates and judgments and could result in outcomes that require a material adjustment to the carrying amounts of the assets and liabilities affected in the future. These key estimates are set out in Note 6 “Critical Accounting Judgments and Key Sources of Estimation Uncertainty” of the Accountant’s Report of our Group as set out in Appendix I to this prospectus.

Our Directors confirm that the relevant estimates or underlying assumptions made in the past have been generally in line with the actual results during the Track Record Period and we have consistently applied these estimates or underlying assumptions to our financial reporting during the Track Record Period.

We believe that the following critical accounting policies and accounting estimates involve the most significant judgments and estimates used in the preparation of the combined financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of rebates and discounts. Provided it is probable that the economic benefits will flow to our Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

- (a) Revenue from sales of goods is recognised when our Group has delivered the goods to our customers and our customers have accepted the goods together with the risks and rewards of ownership of the goods.
- (b) Revenue from IT infrastructure solutions includes hardware, software and service components. Generally, engagements of this nature are negotiated, priced and invoiced as one product because the provision of consulting, installation and configuration forms an integral part of completing the engagement. Revenue from systems integration is recognised upon completion of the project.
- (c) Interest income is recognised on a time-proportion basis using the effective interest method.

FINANCIAL INFORMATION

Impairment loss on financial assets

Our Group assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (as incurred “**loss event**”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For certain categories of financial assets such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include our Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio passed the general credit period, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The amount of the impairment loss is recognised in profit or loss of the period in which the impairment occurs.

Income taxes

Our Group is mainly subject to income taxes in Hong Kong. Significant judgment is required in determining the provision for income tax expense. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Our Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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SUMMARY OF RESULTS OF OPERATIONS

The following table summarises our audited combined results for the Track Record Period prepared on the basis adopted in the audited financial statements as set out in the Accountant's Report of our Group contained in Appendix I to this prospectus. Potential investors should read this section in conjunction with the Accountant's Report of our Group contained in Appendix I to this prospectus and not rely merely on the information contained in this section.

	For the year ended 31 March		For the six months ended 30 September	
	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(unaudited)	
Revenue	274,789	317,002	152,980	141,301
Cost of sales	<u>(241,005)</u>	<u>(272,777)</u>	<u>(131,765)</u>	<u>(118,612)</u>
Gross profit	33,784	44,225	21,215	22,689
Other income and gains	981	2,439	1,152	538
Selling expenses	(18,220)	(21,749)	(10,668)	(11,587)
Administrative expenses	<u>(7,012)</u>	<u>(6,553)</u>	<u>(3,347)</u>	<u>(5,290)</u>
Profit before income tax expense	9,533	18,362	8,352	6,350
Income tax expense	<u>(1,568)</u>	<u>(2,763)</u>	<u>(1,381)</u>	<u>(1,196)</u>
Profit and total comprehensive income for the year/period	<u>7,965</u>	<u>15,599</u>	<u>6,971</u>	<u>5,154</u>

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DESCRIPTION OF CERTAIN INCOME STATEMENT ITEMS

Revenue

Our revenue increased by approximately 15.4% from approximately HK\$274.8 million for FY2014 to approximately HK\$317.0 million for FY2015, and decreased by approximately 7.6% from approximately HK\$153.0 million for 1H2015 to approximately HK\$141.3 million for 1H2016. The following table shows a breakdown of our revenue generated from our provision of IT infrastructure solutions by our customers' industry sector during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2014		2015		2014		2015	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(approximately)		(approximately)		(approximately)		(approximately)	
Private sector	145,309	52.9	169,028	53.3	86,061	56.3	74,732	52.9
Public sector								
— Government	57,484	20.9	61,313	19.4	22,380	14.6	24,744	17.5
— Education and NGO	71,996	26.2	86,661	27.3	44,539	29.1	41,825	29.6
Sub-total	<u>129,480</u>	<u>47.1</u>	<u>147,974</u>	<u>46.7</u>	<u>66,919</u>	<u>43.7</u>	<u>66,569</u>	<u>47.1</u>
Total revenue	<u><u>274,789</u></u>	<u><u>100.0</u></u>	<u><u>317,002</u></u>	<u><u>100.0</u></u>	<u><u>152,980</u></u>	<u><u>100.0</u></u>	<u><u>141,301</u></u>	<u><u>100.0</u></u>

Revenue generated from the private sector contributed to approximately 52.9%, 53.3% and 52.9% of our total revenue in FY2014, FY2015 and 1H2016, respectively, and revenue generated from the public sector contributed to approximately 47.1%, 46.7% and 47.1% of our total revenue in FY2014, FY2015 and 1H2016, respectively.

(a) Private sector

Our customers in the private sector mainly include medium-sized to large multinational and local business enterprises in a wide array of industries such as banking and finance; telecommunications, information technology and media; fashion, jewellery and accessories; property and construction; and entertainment, hotel and travel.

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The following table sets out the breakdown of revenue generated from the private sector by major industry during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2014		2015		2014		2015	
	HK\$'000 (approximately)	%	HK\$'000 (approximately)	%	HK\$'000 (approximately)	%	HK\$'000 (approximately)	%
Private sector								
— Banking and finance	32,635	22.4	46,388	27.4	24,379	28.3	25,179	33.7
— Telecommunications, IT & media	33,153	22.8	25,651	15.2	7,324	8.5	9,057	12.1
— Fashion, jewellery & accessories	10,480	7.2	14,275	8.5	7,645	8.9	5,635	7.5
— Property & construction	10,756	7.4	13,679	8.1	6,148	7.1	5,436	7.3
— Entertainment, hotel & travel	12,796	8.8	16,651	9.9	9,673	11.2	5,153	6.9
— Others (Note)	45,489	31.4	52,384	30.9	30,892	36.0	24,272	32.5
Total revenue	145,309	100.0	169,028	100.0	86,061	100.0	74,732	100.0

Note: For the six months ended 30 September 2015, none of our customers in the private sector from the other industries contributed more than 6.0% of our Group's revenue generated from the private sector.

Revenue from the private sector increased by approximately HK\$23.7 million (or approximately 16.3%) from approximately HK\$145.3 million in FY2014 to approximately HK\$169.0 million in FY2015. Such increase was mainly due to increase in demand from customers of this sector for IT infrastructure solutions during the financial year. During FY2015, we undertook certain major IT infrastructure solutions projects including mobile ticket booking system, disaster recovery and upgrade of servers and backup systems.

From 1H2015 to 1H2016, revenue from the private sector decreased by approximately HK\$11.3 million (or approximately 13.2%) from approximately HK\$86.1 million in 1H2015 to approximately HK\$74.7 million in 1H2016. Such decrease was mainly due to lower demand from our customers in the private sector for IT infrastructure solutions in 1H2016 as compared to 1H2015. We consider that the market had become more cautious on IT spending due to weaker market outlook in Hong Kong mainly as a result of slow down in growth of the PRC economy, possible further increase in interest rate by the US Federal Reserve, continued fall in retail sales, stock market volatility and uncertain property market in Hong Kong.

(b) Public sector

Government

Revenue from providing IT infrastructure solutions to the Government sub-sector contributed to approximately 20.9%, 19.4% and 17.5% of our revenue in FY2014, FY2015 and 1H2016, respectively.

The Government has continued to increase IT spending which resulted in the increase in demand for IT infrastructure solutions from our customers in the Government sub-sector. Revenue from this sub-sector increased by approximately HK\$3.8 million (or approximately 6.7%) from approximately HK\$57.5 million in FY2014 to approximately

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HK\$61.3 million in FY2015. In FY2015, we successfully tendered for and undertook a number of major projects, including upgrade of servers and confidential mail service and desktop replacement, implemented by the Government.

From 1H2015 to 1H2016, revenue from the Government sub-sector remained stable and increased by approximately HK\$2.4 million (or approximately 10.6%) from approximately HK\$22.4 million in 1H2015 to approximately HK\$24.7 million in 1H2016.

Education and NGO

Revenue generated from providing IT infrastructure solutions to education institutions and NGOs contributed to approximately 26.2%, 27.3% and 29.6% of our revenue in FY2014, FY2015 and 1H2016, respectively.

Revenue from this sub-sector increased by approximately HK\$14.7 million (or approximately 20.4%) from approximately HK\$72.0 million in FY2014 to approximately HK\$86.7 million in FY2015, mainly due to the increase in demand for our IT infrastructure solutions from education institutions. In FY2015, we successfully tendered for and undertook a number of major IT infrastructure solutions projects implemented by certain education institutions. Such projects included private cloud, high performance computing and upgrade of servers and storage systems.

From 1H2015 to 1H2016, revenue from education institutions and NGOs remained stable and decreased by approximately HK\$2.7 million (or approximately 6.1%) from approximately HK\$44.5 million in 1H2015 to approximately HK\$41.8 million in 1H2016.

Cost of sales

The following table sets out the components of our cost of sales during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2014	As % of	2015	As % of	2014	As % of	2015	As % of
	HK\$'000	revenue	HK\$'000	revenue	HK\$'000	revenue	HK\$'000	revenue
	(approximately)		(approximately)		(approximately)		(approximately)	
Cost of IT hardware and software (Note 1)	214,179	77.9	242,412	76.5	117,646	76.9	102,835	72.8
Cost of outsourcing services (Note 2)	26,084	9.5	29,614	9.3	13,745	9.0	15,385	10.9
Others*	742	0.3	751	0.2	374	0.2	392	0.3
Total	241,005	87.7	272,777	86.0	131,765	86.1	118,612	84.0

Notes:

1. Our cost of IT hardware and software was partially set off by cash incentives received from our manufacturer suppliers, which amounted to approximately HK\$5.0 million, HK\$7.2 million and HK\$4.2 million for FY2014, FY2015 and 1H2016, respectively.
2. Others mainly comprised of transportation charges for delivering IT hardware and software to customers, packing charges and insurance charges.

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Our cost of sales mainly comprised of cost of purchasing IT hardware and software from our suppliers, and outsourcing services relating to certain implementation work for our IT infrastructure solutions projects, such as hardware installation and wiring work and certain specialised software implementation, configuration and/or customisation work, and extended product warranties as required by our customers.

Our cost of purchase of IT hardware and software increased by approximately HK\$28.2 million (or approximately 13.2%) from approximately HK\$214.2 million in FY2014 to approximately HK\$242.4 million in FY2015, and our cost of outsourcing services increased by approximately HK\$3.5 million (or approximately 13.5%) from approximately HK\$26.1 million in FY2014 to approximately HK\$29.6 million in FY2015, which was in line with the increase in our total revenue during the financial year.

For 1H2016, our cost of purchase of IT hardware and software amounted to approximately HK\$102.8 million, representing a decrease of approximately HK\$14.8 million (or approximately 12.6%) as compared to HK\$117.6 million in 1H2015, which was in line with the decrease in our total revenue during 1H2016. Our cost of outsourcing services amounted to approximately HK\$15.4 million in 1H2016, representing an increase of approximately HK\$1.6 million (or approximately 11.9%) as compared to HK\$13.7 million in 1H2015, which was mainly because we required more outsourcing services of installation, implementation, customisation and integration as part of the overall solution during 1H2016.

Gross profit and gross profit margin

The following table sets out our gross profit and gross profit margin by our customers' industry sector during the Track Record Period:

	For the year ended 31 March 2014		2015		For the six months ended 30 September 2014		2015	
	Gross profit HK\$'000	Gross profit margin %	Gross profit HK\$'000	Gross profit margin %	Gross profit HK\$'000	Gross profit margin %	Gross profit HK\$'000	Gross profit margin %
Private sector	20,079	13.8	26,986	16.0	13,663	15.9	12,638	16.9
Public sector								
— Government	6,832	11.9	8,347	13.6	2,823	12.6	4,004	16.2
— Education and NGO	<u>6,873</u>	<u>9.5</u>	<u>8,892</u>	<u>10.3</u>	<u>4,729</u>	<u>10.6</u>	<u>6,047</u>	<u>14.5</u>
Sub-total	<u>13,705</u>	<u>10.6</u>	<u>17,239</u>	<u>11.7</u>	<u>7,552</u>	<u>11.3</u>	<u>10,051</u>	<u>15.1</u>
Total	<u>33,784</u>	<u>12.3</u>	<u>44,225</u>	<u>14.0</u>	<u>21,215</u>	<u>13.9</u>	<u>22,689</u>	<u>16.1</u>

Our gross profit margin for each of the private sector and public sector increased by 2.2 percentage point and 1.1 percentage point, respectively, in FY2015, which in turn, led to an increase in our overall gross profit margin for FY2015. For 1H2016, our gross profit margin for each of the private sector and public sector increased by 1.0 percentage point and 3.8 percentage point, respectively, as compared to that in 1H2015. The increase in overall gross profit margin in FY2015 and 1H2016 was mainly due to our ability in obtaining more favourable terms from our suppliers and in negotiating more favourable pricing terms with our customers in both the private and public sectors during the relevant periods.

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Other income and gains

The following table sets out the breakdown of other income and gains during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2014		2015		2014		2015	
	HK\$'000	% (approximately)	HK\$'000	% (approximately)	HK\$'000	% (approximately)	HK\$'000	% (approximately)
Interest income	434	44.2	695	28.5	323	28.0	412	76.6
Written back of other payables	283	28.8	869	35.6	—	—	—	—
Exchange gains, net	—	—	—	—	445	38.6	—	—
Reversal of impairment loss on trade receivables	—	—	588	24.1	337	29.3	—	—
Sundry income	264	27.0	287	11.8	47	4.1	126	23.4
Total	981	100.0	2,439	100.0	1,152	100.0	538	100.0

During the Track Record Period, our other income and gains mainly comprised of (a) bank interest income; (b) written back of other payables mainly relating to long outstanding other payables not claimed; (c) sundry income mainly relating to sponsorship income received from our suppliers for funding marketing events; and (d) reversal of impairment loss on trade receivables.

Written back of other payables of approximately HK\$283,000.0 for FY2014 mainly related to customers deposits received but not claimed for a long period of time, and approximately HK\$869,000.0 for FY2015 mainly related to long unutilised sponsorship funds received from suppliers for funding marketing events.

Reversal of impairment loss on trade receivables of approximately HK\$588,000.0 for FY2015 and approximately HK\$337,000.0 for 1H2015 was due to outstanding trade receivables balances which were provided for previously based on our impairment assessment but were subsequently collected during the relevant periods.

Selling expenses

The following table sets out the breakdown of our selling expenses during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2014		2015		2014		2015	
	HK\$'000	% of revenue (approximately)	HK\$'000	% of revenue (approximately)	HK\$	% of revenue (approximately)	HK\$	% of revenue (approximately)
Staff cost	17,581	6.4	21,200	6.7	10,400	6.8	11,244	8.0
Travelling and entertainment	452	0.2	411	0.1	199	0.1	270	0.2
Marketing expenses	187	0.1	138	0.0	69	0.0	73	0.1
Total	18,220	6.7	21,749	6.8	10,668	6.9	11,587	8.3

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During the Track Record Period, our selling expenses mainly comprised of staff cost for employees from our outside and inside sales, technology services (which comprises our team of in-house technical staff), business development and procurement and logistics departments, which included salary, commission and discretionary bonuses, contributions to mandatory provident funds and staff training expenses. Staff cost accounted for approximately 96.5%, 97.5% and 97.0% of our selling expenses, and approximately 6.4%, 6.7% and 8.0% of our total revenue, in FY2014, FY2015 and 1H2016, respectively.

Selling expenses increased by approximately HK\$3.5 million (or approximately 19.4%) from approximately HK\$18.2 million in FY2014 to approximately HK\$21.7 million in FY2015 mainly due to the increase in our staff cost, which in turn was primarily attributable to (a) the increase in our commission expenses, as a result of the increase in our gross profit (which the amount of our commission expenses is determined with reference to); and (b) the annual salary adjustment during the financial year.

Selling expenses increased by approximately HK\$0.9 million (or approximately 8.6%) from approximately HK\$10.7 million in 1H2015 to approximately HK\$11.6 million in 1H2016 mainly due to the increase in our staff cost, as a result of annual salary adjustment in 1H2016.

Administrative expenses

The following table sets out the breakdown of our administrative expenses during the Track Record Period:

	For the year ended 31 March				For the six months ended 30 September			
	2014		2015		2014		2015	
	HK\$'000	% of revenue (approximately)	HK\$'000	% of revenue (approximately)	HK\$'000	% of revenue (approximately)	HK\$'000	% of revenue (approximately)
Staff cost	2,921	1.1	3,249	1.0	1,756	1.1	2,123	1.5
Rent and rates	1,612	0.6	1,760	0.6	859	0.6	908	0.6
Impairment loss on trade receivables	594	0.2	—	—	—	—	74	0.1
Building management fee	322	0.1	344	0.1	171	0.1	172	0.1
Depreciation	312	0.1	265	0.1	142	0.1	141	0.1
Audit fee	49	0.0	60	0.0	30	0.0	30	0.0
Legal and professional fee	27	0.0	48	0.0	30	0.0	71	0.1
Listing-related expenses	—	—	—	—	—	—	875	0.6
Exchange loss	312	0.1	17	0.0	—	—	519	0.4
Others*	863	0.3	810	0.3	359	0.2	377	0.3
Total	7,012	2.5	6,553	2.1	3,347	2.1	5,290	3.8

* Others mainly comprised of repair and maintenance expenses, utility fee, bank charges, printing and stationery expenses, communication charges, cleaning expenses and other miscellaneous administrative expenses.

Our administrative expenses mainly comprised of staff cost for our management and our finance, human resources and administrative staff, and rent and rates for our office and warehouse in Hong Kong.

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Our administrative expenses decreased by approximately HK\$0.5 million (or approximately 6.5%) from approximately HK\$7.0 million in FY2014 to approximately HK\$6.6 million in FY2015, which was mainly due to a combined effect of (a) there being no provision of impairment loss on trade receivables made in FY2015 (FY2014: approximately HK\$0.6 million); (b) an exchange loss of approximately HK\$0.3 million recognised in FY2014 arising from our RMB Bonds (as defined below, with details set out in the paragraph headed “Held-to-maturity investments” in this section below); and (c) increase in staff cost of approximately HK\$0.3 million, as a result of the increase in commission expenses and annual salary adjustment during the financial year.

Our administrative expenses increased by approximately HK\$1.9 million (or approximately 58.1%) from approximately HK\$3.3 million in 1H2015 to approximately HK\$5.3 million in 1H2016, which was mainly due to (a) the Listing-related expenses of HK\$0.9 million recognised in 1H2016; (b) an exchange loss of HK\$0.5 million recognised in 1H2016; and (c) the increase in staff cost of approximately HK\$0.4 million, mainly representing our Directors’ performance bonus.

Income tax expense

Our income tax expense mainly represented Hong Kong profits tax during the Track Record Period. Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits derived from Hong Kong during the Track Record Period.

We consider that we have paid all relevant taxes and there is no dispute or material unresolved tax issue with the relevant tax authorities during the Track Record Period.

Profit and total comprehensive income for the year/period (the “Net Profit”)

We recorded Net Profit of approximately HK\$8.0 million, HK\$15.6 million and HK\$5.2 million for FY2014, FY2015 and 1H2016, respectively, representing a net profit margin of approximately 2.9%, 4.9% and 3.6%, respectively. Before deducting the Listing-related expenses of approximately HK\$0.9 million in 1H2016, our Net Profit and net profit margin for 1H2016 would be approximately HK\$6.0 million (the “**Adjusted 1H2016 Profit**”) and 4.3%, respectively. The Adjusted 1H2016 Profit represented a decrease of approximately HK\$0.9 million over the Net Profit of approximately HK\$7.0 million for 1H2015.

The increase in net profit margin in FY2015 was mainly attributable to the increase in gross profit margin as explained above. The net profit margin of approximately 4.3% (before deducting the Listing-related expenses) in 1H2016 remained at a similar level as compared to approximately 4.6% in 1H2015.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OUR OPERATIONS

1H2016 compared to 1H2015

Revenue

For 1H2016, our revenue amounted to approximately HK\$141.3 million, which represented a decrease of approximately HK\$11.7 million, or approximately 7.6%, as compared to that of 1H2015 of approximately HK\$153.0 million. Such decrease was mainly due to the decrease in revenue from the private sector of approximately HK\$11.3 million (or approximately 13.2%).

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We consider that the decrease in revenue from the private sector was because the market had become more cautious on IT spending due to weaker market outlook in Hong Kong mainly as a result of slow down in growth of the PRC economy, possible further increase in interest rate by the US Federal Reserve, continued fall in retail sales, stock market volatility and uncertain property market in Hong Kong.

From 1H2015 to 1H2016, our revenue from the public sector remained stable amounting to approximately HK\$66.9 million and approximately HK\$66.6 million, respectively.

Cost of sales

For 1H2016, our cost of sales amounted to approximately HK\$118.6 million, representing a decrease of approximately HK\$13.2 million, or approximately 10.0%, as compared to that of 1H2015 of approximately HK\$131.8 million. Our decrease in cost of IT hardware and software of approximately 12.6% was in line with the decrease in our revenue from 1H2015 to 1H2016.

Our cost of outsourcing services increased by approximately 11.9% as we required more outsourcing services of installation, implementation, customisation and integration as part of the overall solution during 1H2016.

Gross profit and gross profit margin

For 1H2016, our gross profit amounted to approximately HK\$22.7 million, representing an increase of approximately HK\$1.5 million, or approximately 6.9%, as compared to that of 1H2015 of approximately HK\$21.2 million, and our gross profit margin was approximately 16.1%, representing an increase of 2.2 percentage point as compared to that of 1H2015 of approximately 13.9%. The increase in gross profit margin was mainly due to our ability in obtaining more favourable terms from our suppliers, which enabled us to lower our cost of sales as a percentage of revenue from approximately 86.1% in 1H2015 to approximately 83.9% in 1H2016, and in negotiating more favourable pricing terms with our customers in both the private and public sectors. In 1H2016, in light of our satisfactory sales performance in FY2015, we were able to continue obtaining favourable terms from our suppliers during the period, reflected by (i) lower unit cost of IT hardware and software; and (ii) increase in cash incentives, both of which are usually negotiated between us and our suppliers with reference to our sales performance in the previous year. Notwithstanding that we recorded a decrease in revenue and cost of sales in 1H2016 as compared to 1H2015, cash incentives received from our manufacturer suppliers increased from approximately HK\$3.4 million in 1H2015 to approximately HK\$4.2 million in 1H2016.

Other income and gains

The decrease in other income and gains of approximately HK\$0.6 million to approximately HK\$0.5 million in 1H2016 from approximately HK\$1.2 million in 1H2015 was mainly due to an exchange gain of approximately HK\$0.4 million and reversal of impairment loss on trade receivables of approximately HK\$0.3 million recognised in 1H2015, while no such other income and gains were recognised in 1H2016.

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Selling expenses

For 1H2016, our selling expenses amounted to approximately HK\$11.6 million, representing an increase of approximately HK\$0.9 million, or approximately 8.6%, as compared to that of 1H2015 of approximately HK\$10.7 million. The increase in selling expenses was mainly due to the increase in staff cost as a result of the annual salary adjustment during the period.

Administrative expenses

For 1H2016, our administrative expenses amounted to approximately HK\$5.3 million, representing an increase of approximately HK\$1.9 million, or approximately 58.1%, as compared to that of 1H2015 of approximately HK\$3.3 million, which was mainly attributable to the Listing-related expenses of approximately HK\$0.9 million and an exchange loss of approximately HK\$0.5 million recognised in 1H2016, and the increase in staff cost of approximately HK\$0.4 million mainly representing the increase in our Directors' performance bonus.

Income tax expense

For 1H2016, our income tax expense amounted to approximately HK\$1.2 million, representing a decrease of approximately HK\$0.2 million, or approximately 13.4%, as compared to that of 1H2015 of approximately HK\$1.4 million. The decrease in income tax expense was proportionally less than the decrease in profit before income tax expense, which decreased by approximately HK\$2.0 million or 24.0% for 1H2016 as compared to that of 1H2015. This was due to the increase in expenses that were not deductible for tax purposes in 1H2016. Our effective tax rate was approximately 18.8% for 1H2016, as compared to approximately 16.5% for 1H2015. Before deducting the Listing-related expenses, our effective tax rate in 1H2016 would be approximately 16.6%.

Net Profit

Our Net Profit amounted to approximately HK\$5.2 million in 1H2016, representing a decrease of approximately 26.1% as compared to Net Profit of approximately HK\$7.0 million in 1H2015. Our net profit margin decreased from approximately 4.6% in 1H2015 to approximately 3.6% in 1H2016. Based on the Adjusted 1H2016 Profit of approximately HK\$6.0 million, our net profit margin in 1H2016 would be approximately 4.3%, which is similar to that of approximately 4.6% in 1H2015.

FY2015 compared to FY2014

Revenue

For FY2015, our revenue amounted to approximately HK\$317.0 million, representing an increase of approximately HK\$42.2 million (or approximately 15.4%) as compared to that of FY2014 of approximately HK\$274.8 million. Such increase was mainly due to (i) the increase in our revenue from the private sector of approximately HK\$23.7 million (or approximately 16.3%); and (ii) the increase in our revenue from the public sector of approximately HK\$18.5 million (or approximately 14.3%).

The increase in our revenue from the private sector was mainly attributable to a number of major projects which we undertook in FY2015, including mobile ticket booking system, disaster recovery and upgrade of servers and backup systems.

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The increase in our revenue from the public sector was mainly because of the increase in IT spending by the Government and education institutions in FY2015.

Cost of sales

For FY2015, our cost of sales amounted to approximately HK\$272.8 million, representing an increase of approximately HK\$31.8 million (or approximately 13.2%) as compared to that of FY2014 of approximately HK\$241.0 million. Such increase was largely in line with the increase in our revenue of approximately 15.4% from FY2014 to FY2015.

Gross profit and gross profit margin

For FY2015, our gross profit amounted to approximately HK\$44.2 million, representing an increase of approximately HK\$10.4 million (or approximately 30.9%) as compared to that of FY2014 of approximately HK\$33.8 million, and our gross profit margin was approximately 14.0%, representing an increase of 1.7 percentage point as compared to that of FY2014 of approximately 12.3%, which was mainly due to our ability in obtaining more favourable terms from our suppliers including (a) lower unit cost of IT hardware and software and (b) increase in cash incentives, which enabled us to lower our cost of sales as a percentage of revenue from approximately 87.7% in FY2014 to approximately 86.0% in FY2015, and in negotiating more favourable pricing terms with our customers in both the private and public sectors during the financial year. The cash incentives received from our manufacturer suppliers increased from approximately HK\$5.0 million in FY2014 to approximately HK\$7.2 million in FY2015.

Other income and gains

The increase in other income and gains of approximately HK\$1.5 million from approximately HK\$1.0 million in FY2014 to approximately HK\$2.4 million in FY2015 was mainly due to the written back of other payables and the reversal of impairment loss on trade receivables in FY2015 as explained above.

Selling expenses

For FY2015, our selling expenses amounted to approximately HK\$21.7 million, representing an increase of approximately HK\$3.5 million (or approximately 19.4%) as compared to that of FY2014 of approximately HK\$18.2 million. Such increase was mainly contributed by the increase in our staff cost, which in turn was mainly due to the increase in our commission expenses (the increase of which was in line with the increase in our gross profit) and the annual salary adjustment during the financial year.

Administrative expenses

Our administrative expenses decreased by approximately HK\$0.5 million (or approximately 6.5%) from approximately HK\$7.0 million in FY2014 to approximately HK\$6.6 million in FY2015. Such decrease was mainly due to there being no provision of impairment loss on trade receivables made in FY2015 as compared to a provision of approximately HK\$0.6 million in FY2014 and the decrease in exchange loss, which were partially offset by the increase in our administrative staff cost.

FINANCIAL INFORMATION

Income tax expense

For FY2015, our income tax expense amounted to approximately HK\$2.8 million, representing an increase of approximately HK\$1.2 million (or approximately 76.2%) as compared to that of FY2014 of approximately HK\$1.6 million. Such increase was proportionally less than the increase in profit before income tax expense, which increased by approximately HK\$8.8 million (or approximately 92.6%) from approximately HK\$9.5 million to approximately HK\$18.4 million. This was due to the increase in non-taxable income and there being no non-deductible expenses in FY2015.

Our effective tax rate was approximately 15.0% for FY2015, as compared to approximately 16.4% for FY2014.

Net Profit

Our Net Profit amounted to approximately HK\$15.6 million in FY2015, representing an increase of approximately 95.8% as compared to that of approximately HK\$8.0 million in FY2014. Our net profit margin in FY2015 improved from approximately 2.9% in FY2014 to approximately 4.9% in FY2015. The increase in net profit margin in FY2015 was mainly attributable to the increase in gross profit margin as explained above.

LIQUIDITY AND CAPITAL STRUCTURE

We have historically financed our operations (which included funding required for working capital and other liquidity requirements) mainly through cash flow from operations. We expect to fund our future operations and expansion plans principally with cash generated from our operations and the net proceeds from the Placing and other funds raised from capital markets from time to time, as and when necessary.

Cash flows

The table below sets out the changes in the cash flows of our Group during the Track Record Period:

	For the year ended 31 March		For the six months ended 30 September	
	2014	2015	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(unaudited)	
Net cash generated from/(used in) operating activities	(812)	19,415	(12,120)	(5,566)
Net cash generated from investing activities	794	9,055	8,863	293
Net cash used in financing activities	(5,349)	(450)	(4,454)	(13,973)
Net (decrease)/increase in cash and cash equivalents	(5,367)	28,020	(7,711)	(19,246)
Cash and cash equivalents at beginning of the year/period	64,572	59,205	59,205	87,225
Cash and cash equivalents at end of the year/period	59,205	87,225	51,494	67,979

FINANCIAL INFORMATION

Net cash generated from/(used in) operating activities

Our cash inflow from operating activities was principally derived from receipt of payments from customers for our provision of IT infrastructure solutions to them. Our cash outflow from operating activities mainly arose from our payment for purchase of IT hardware and software and outsourcing services and expenses for our operating activities.

During the Track Record Period, our cash flows from operating activities fluctuated significantly with movement of working capital, which generally fluctuated with our operations and business development. We had net cash inflow from operating activities for FY2015 and net cash outflow from operating activities for FY2014 and 1H2016.

For 1H2016, we recorded net cash outflow from operating activities of approximately HK\$5.6 million. Whilst we were able to generate positive operating cash flows before working capital changes of approximately HK\$6.2 million, this was offset by net working capital outflow of approximately HK\$11.3 million. Our net working capital outflow was mainly attributable to the net effect of (a) decrease in trade payables of approximately HK\$19.0 million; and (b) decrease in trade receivables of approximately HK\$8.8 million.

For FY2015, we had net cash generated from operating activities of approximately HK\$19.4 million. This was mainly a result of positive operating cash flows before working capital changes of approximately HK\$16.5 million and net working capital inflow of approximately HK\$4.1 million.

For FY2014, we had modest net cash outflow for operating activities of approximately HK\$0.8 million. This was the result of positive operating cash flows before working capital changes of approximately HK\$9.7 million, offset by net working capital outflow of approximately HK\$8.0 million and income tax paid of approximately HK\$2.5 million. Our net working capital outflow for the year ended 31 March 2014 was mainly attributable to the effect of (a) decrease in trade payables of approximately HK\$5.6 million; and (b) increase in trade receivables of approximately HK\$1.4 million.

Net cash generated from investing activities

During the Track Record Period, our cash used in investing activities mainly arose from purchase of computer equipment for our operations, and our cash generated from investing activities mainly arose from redemption of held-to-maturity investments and release of pledged bank deposits.

For 1H2016, we had modest amount of net cash generated from investing activities of approximately HK\$0.3 million.

For FY2015, we had net cash generated from investing activities of approximately HK\$9.1 million, which mainly arose from (i) the redemption of held-to-maturity investments of approximately HK\$3.1 million (being the Renminbi bonds (the “**RMB Bonds**”) issued by the Ministry of Finance of the PRC at a nominal value of RMB2,490,000, in which our Group invested in July 2012, and matured and fully redeemed in July 2014); and (ii) the release of the pledged bank deposits of HK\$5.5 million after expiry of a Government performance bond.

For FY2014, we had net cash generated from investing activities of approximately HK\$0.8 million, which mainly arose from the redemption of RMB Bonds (in which our Group invested in August 2011 and fully redeemed in September 2013) of approximately HK\$1.4 million, partially offset by the increase of pledged bank deposits of approximately HK\$0.6 million due to the net increase in the amounts of performance bonds required by the Government.

FINANCIAL INFORMATION

Net cash used in financing activities

During the Track Record Period, our cash used in financing activities mainly arose from payment of dividends and Listing-related expenses (for 1H2016 only).

For 1H2016, we had net cash used in financing activities of approximately HK\$14.0 million, which mainly arose from payment of dividends of approximately HK\$8.0 million and repayment of advance from a related company of approximately HK\$4.0 million during the period.

For FY2015, we had net cash used in financing activities of approximately HK\$0.5 million, mainly due to payment of dividends of approximately HK\$4.5 million, offset by an advance received from a related company of approximately HK\$4.0 million which was subsequently settled in April 2015.

For FY2014, we had net cash used in financing activities of approximately HK\$5.3 million, which mainly arose from payment of dividends of approximately HK\$5.2 million.

Capital expenditures

During the Track Record Period, we did not have any significant capital expenditures. Our capital expenditures mainly comprised of purchases of computer equipment for our operations, which amounted to approximately HK\$0.4 million, HK\$0.2 million and HK\$0.1 million in FY2014, FY2015 and 1H2016, respectively.

From 30 September 2015 (being the latest audited balance sheet date) to 31 March 2017, we intend to incur capital expenditure of approximately HK\$0.8 million for upgrading our demonstration facilities and leasehold improvements.

We plan to finance our future capital expenditures through the net proceeds from the Placing and the cash flows generated from operating activities. Our Group's projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further information.

FINANCIAL INFORMATION

Current assets and current liabilities

We had net current assets of approximately HK\$47.4 million, HK\$59.9 million and HK\$56.5 million as at 31 March 2014, 31 March 2015 and 30 September 2015, respectively. The table below sets out our current assets and current liabilities as at the dates indicated:

	As at 31 March		As at 30 September	As at 31 January
	2014	2015	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)
Current assets				
Inventories	2,165	2,700	1,994	3,464
Trade receivables	33,939	53,734	44,302	40,267
Prepayments, deposits and other receivables	5,044	5,144	6,302	3,973
Amount due from a related company	770	—	—	—
Held-to-maturity investments	3,093	—	—	—
Finance lease receivables	—	—	14	14
Pledged bank deposits	9,700	4,200	4,200	4,200
Cash and cash equivalents	59,205	87,225	67,979	28,709
	113,916	153,003	124,791	80,627
Current liabilities				
Trade payables	53,490	72,184	53,153	43,262
Accruals, deposits received and other payables	12,979	14,020	12,220	12,005
Amounts due to related companies	8	5,327	529	282
Tax payables	34	1,603	2,407	—
	66,511	93,134	68,309	55,549
Net current assets	47,405	59,869	56,482	25,078

FINANCIAL INFORMATION

Comparison of net current assets as at 31 March 2015 and 31 March 2014

Our net current assets increased by approximately HK\$12.5 million to approximately HK\$59.9 million as at 31 March 2015 from approximately HK\$47.4 million as at 31 March 2014. This was mainly due to positive net cash flows generated from operating activities of approximately HK\$19.4 million.

Comparison of net current assets as at 30 September 2015 and 31 March 2015

Our net current assets decreased by approximately HK\$3.4 million to approximately HK\$56.5 million as at 30 September 2015 from approximately HK\$59.9 million as at 31 March 2015. This was mainly due to payment of dividends of approximately HK\$8.0 million and repayment of advance received from a related company of approximately HK\$4.0 million during the period, which was partially offset by the positive cash flows generated from operating activities before working capital changes.

Net current assets as at 31 January 2016

Based on our unaudited management accounts, our unaudited net current assets decreased by approximately HK\$31.4 million to approximately HK\$25.1 million as at 31 January 2016 from approximately HK\$56.5 million as at 30 September 2015. This decrease was mainly due to dividends of HK\$25.0 million being declared in October 2015 (which were paid in November 2015) and the Listing-related expenses being recognised during the period.

FINANCIAL INFORMATION

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
Non-current assets			
Property, plant and equipment	484	452	430
Finance lease receivables	—	—	52
Trade receivables	2,645	1,322	1,833
	<u>3,129</u>	<u>1,774</u>	<u>2,315</u>
Current assets			
Inventories	2,165	2,700	1,994
Trade receivables	33,939	53,734	44,302
Prepayments, deposits and other receivables	5,044	5,144	6,302
Amount due from a related company	770	—	—
Held-to-maturity investments	3,093	—	—
Finance lease receivables	—	—	14
Pledged bank deposits	9,700	4,200	4,200
Cash and cash equivalents	59,205	87,225	67,979
	<u>113,916</u>	<u>153,003</u>	<u>124,791</u>
Current liabilities			
Trade payables	53,490	72,184	53,153
Accruals, deposits received and other payables	12,979	14,020	12,220
Amounts due to related companies	8	5,327	529
Tax payables	34	1,603	2,407
	<u>66,511</u>	<u>93,134</u>	<u>68,309</u>
Net current assets	47,405	59,869	56,482
Total assets less current liabilities	50,534	61,643	58,797
Non-current liabilities			
Other payables	556	556	556
Net assets	<u>49,978</u>	<u>61,087</u>	<u>58,241</u>
EQUITY			
Share capital	8,024	8,024	8,024
Reserves	41,954	53,063	50,217
	<u>49,978</u>	<u>61,087</u>	<u>58,241</u>

FINANCIAL INFORMATION

Inventories

The table below sets out the balance of our inventories as at the relevant balance sheet dates indicated:

	As at 31 March		As at
	2014	2015	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2015</i>
			<i>HK\$'000</i>
Inventories			
IT hardware and software	<u>2,165</u>	<u>2,700</u>	<u>1,994</u>

We normally place orders with our suppliers upon confirmation of orders from customers on a back-to-back basis, which not only gives us the flexibility to sell the latest technologies and solutions to our customers and negotiate the price with our suppliers each time an order is placed, it also minimises our risk exposure to obsolete stock as the lifecycle of IT products is normally short and reduces our working capital requirement. We keep a minimal level of inventories which are commonly used in our projects in order to save order lead time. For FY2014, we made an impairment loss of inventories of approximately HK\$5,000.0 while we made a reversal of impairment loss on inventories of approximately HK\$4,000.0 and HK\$3,000.0 for FY2015 and 1H2016, respectively.

The table below sets out our average inventory turnover days for the relevant year/period indicated:

	Year ended 31 March		Six months
	2014	2015	ended
			30 September
			2015
Average inventory turnover days (<i>Note</i>)	2.3	3.3	3.6

Note: Average inventory turnover days is calculated as the average of the beginning and ending inventory balances for the year/period, divided by the cost of sales for that year/period, multiplied by 365 days/182 days.

Our inventory turnover days was maintained at a low level of approximately three days for the relevant year/period during the Track Record Period as we normally place orders with our suppliers upon confirmation of orders from customers on a back-to-back basis so as to minimise our inventory obsolescence risk and reduce our working capital requirement as mentioned above.

Up to the Latest Practicable Date, approximately HK\$1,975,000.0 (or approximately 99.0%) of our inventories as at 30 September 2015 had been sold.

FINANCIAL INFORMATION

Trade receivables

The table below sets out the balance of our trade receivables as at the relevant balance sheet dates indicated:

	As at 31 March		As at
	2014	2015	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables, gross	37,186	55,070	46,223
Less: Provision for impairment	<u>(602)</u>	<u>(14)</u>	<u>(88)</u>
Trade receivables, net	36,584	55,056	46,135
Less: Non-current trade receivables	<u>(2,645)</u>	<u>(1,322)</u>	<u>(1,833)</u>
Current trade receivables	<u>33,939</u>	<u>53,734</u>	<u>44,302</u>

Our trade receivables represented receivables from our customers for our provision of IT infrastructure solutions. Our trade receivables (net of impairment) increased by approximately HK\$18.5 million, or approximately 50.5%, from approximately HK\$36.6 million as at 31 March 2014 to approximately HK\$55.1 million as at 31 March 2015. Such increase was generally in line with the increase in our revenue in FY2015.

Our trade receivables (net of impairment) decreased by approximately HK\$8.9 million, or approximately 16.2%, from approximately HK\$55.1 million as at 31 March 2015 to approximately HK\$46.1 million as at 30 September 2015.

We generally grant a credit period of seven to 30 days to our customers. Our Group reviews receivables on regular basis for evidence of impairment on both an individual and collective basis. Provision for trade receivables is made when we consider that recovery of the amount is remote.

We recorded provision for impairment loss on trade receivables of approximately HK\$594,000.0 and HK\$74,000.0 in FY2014 and 1H2016, respectively. We reversed an impairment loss of approximately HK\$588,000.0 in FY2015. For details, please refer to Note 17 of the Accountant's Report set out in Appendix I to this prospectus.

FINANCIAL INFORMATION

The table below sets out the aging analysis of our trade receivables (net of impairment) as at the relevant balance sheet dates indicated, based on invoice date:

	As at 31 March		As at
	2014	2015	30 September 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	15,916	20,275	18,862
More than 1 month but not more than 3 months	12,264	15,097	15,030
More than 3 month but not more than 6 months	2,935	14,387	7,240
More than 6 months but not more than a year	1,401	2,651	1,336
More than a year	<u>4,068</u>	<u>2,646</u>	<u>3,667</u>
	<u>36,584</u>	<u>55,056</u>	<u>46,135</u>

Prior to the Track Record Period, we entered into a master contract with one of our customers with long-term payment term, pursuant to which the last payment will be due in December 2016. Thus, such long-term trade receivables of approximately HK\$2.6 million, HK\$1.3 million and HK\$1.8 million as at 31 March 2014 and 2015 and 30 September 2015, respectively, were included in the amounts due more than a year as shown above.

The table below sets out our average trade receivables turnover days for the year/period indicated:

	Year ended 31 March		Six months ended
	2014	2015	30 September 2015
Average trade receivables turnover days	48.1	52.8	65.2

Note: Average trade receivables turnover days is calculated as the average of the beginning and ending trade receivables for the year/period, divided by our revenue for that year/period, multiplied by 365 days/182 days.

For each of FY2014 and FY2015, our average trade receivables turnover days was maintained at approximately 50 days. For 1H2016, our average trade receivables turnover days increased to approximately 65.2 days, which was mainly because some large customers took a longer time to settle the amounts due to us.

Up to the Latest Practicable Date, approximately HK\$45.1 million, or approximately 97.8%, out of our trade receivables of approximately HK\$46.1 million as at 30 September 2015, had been settled.

FINANCIAL INFORMATION

Prepayments, deposits and other receivables

The table below sets out the breakdown of our prepayments, deposits and other receivables as at the relevant balance sheet dates indicated:

	As at 31 March		As at 30 September
	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000
Deposits	572	666	917
Other receivables	300	52	47
Prepayments	<u>4,172</u>	<u>4,426</u>	<u>5,338</u>
	<u>5,044</u>	<u>5,144</u>	<u>6,302</u>

Our prepayments, deposits and other receivables mainly comprised of prepayments which mainly represented our advance payments to a supplier for purchase of IT software subscription and support service. Prepayments as at 30 September 2015 also included prepayments for the Listing-related expenses of approximately HK\$2.0 million. The balance of prepayments accounted for approximately 82.7%, 86.0% and 84.7% of our prepayments, deposits and other receivables as at 31 March 2014 and 2015 and 30 September 2015, respectively.

The amount of prepayments as at 31 March 2015 was similar to that as at 31 March 2014 whilst the increase in prepayments of approximately HK\$912,000.0 as at 30 September 2015 as compared to that as at 31 March 2015 was mainly due to the prepayments for the Listing-related expenses of approximately HK\$2.0 million.

Held-to-maturity investments

The table below sets out the balance of our held-to-maturity investments as at the relevant balance sheet dates indicated:

	As at 31 March		As at 30 September
	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000
Listed bonds securities, Hong Kong	<u>3,093</u>	<u>—</u>	<u>—</u>

Our held-to-maturity investments represented our investments in Hong Kong listed bonds securities during the Track Record Period. In July 2012, our Group invested in the RMB Bonds issued by the Ministry of Finance of the PRC at a nominal value of RMB2,490,000, bearing a coupon interest rate of 2.38% per annum, and such bonds matured in July 2014. We made no such investments as at 31 March 2015 and 30 September 2015.

FINANCIAL INFORMATION

Pledged bank deposits

The table below sets out the balance of our pledged bank deposits as at the relevant balance sheet dates indicated:

	As at 31 March		As at
	2014	2015	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2015</i>
			<i>HK\$'000</i>
Bank deposits for tenders of Government projects	<u>9,700</u>	<u>4,200</u>	<u>4,200</u>

Our balance of pledged bank deposits as at 31 March 2014 and 2015 and 30 September 2015 represented the deposits pledged to a bank for banker's guarantee of performance bonds, which is one of the requirements for being an approved contractor of the Government for supplying server systems and personal computer equipment and provision of related services.

Trade payables

The table below sets out the balance of our trade payables as at the relevant balance sheet dates indicated:

	As at 31 March		As at
	2014	2015	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2015</i>
			<i>HK\$'000</i>
Trade payables	<u>53,490</u>	<u>72,184</u>	<u>53,153</u>

Our trade payables represented amounts due to our suppliers for purchase of IT hardware and software for our IT infrastructure solutions projects. As at 31 March 2015, we had trade payables of approximately HK\$72.2 million, out of which approximately HK\$14.1 million was due and paid in early April 2015. This amount led to a significant increase in trade payables as at 31 March 2015 as compared to that as at 31 March 2014. Our trade payables decreased by approximately HK\$19.0 million, or approximately 26.4%, from approximately HK\$72.2 million as at 31 March 2015 to approximately HK\$53.2 million as at 30 September 2015.

FINANCIAL INFORMATION

The credit period granted to us by our suppliers generally ranges from 30 to 90 days. The table below sets out an aging analysis of our trade payables as at the relevant balance sheet dates indicated, based on invoice date:

	As at 31 March		As at 30 September
	2014	2015	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	23,666	26,513	20,022
More than 1 month but not more than 3 months	23,143	31,708	28,072
More than 3 months but not more than 6 months	6,170	13,163	4,003
More than 6 months but not more than a year	173	520	580
More than a year	338	280	476
	<u>53,490</u>	<u>72,184</u>	<u>53,153</u>

The table below sets out our average trade payables turnover days for the year/period indicated:

	Year ended 31 March		Six months ended 30 September
	2014	2015	2015
Average trade payables turnover days	85.3	84.1	96.2

Note: Average trade payables turnover days is calculated as the average of the beginning and ending trade payables for the year/period, divided by the cost of sales for that year/period, multiplied by 365 days/182 days.

For each of FY2014 and FY2015, our average trade payables turnover days was maintained at approximately 80 days. Our average trade payables turnover days increased to approximately 96.2 days for 1H2016. However, if the trade payables turnover days for 1H2016 is calculated based on the trade payables as at 30 September 2015 divided by cost of sales for 1H2016 multiplied by 182 days, our trade payables turnover days for 1H2016 would be approximately 81.6 days. This would be similar to that of FY2014 and FY2015.

Up to the Latest Practicable Date, approximately HK\$48.9 million, or approximately 91.9%, out of our trade payables of approximately HK\$53.2 million as at 30 September 2015 had been settled.

FINANCIAL INFORMATION

Accruals, deposits received and other payables

The table below sets out the breakdown of our accruals, deposits received and other payables as at the relevant balance sheet dates indicated:

	As at 31 March		As at 30 September
	2014	2015	2015
	HK\$'000	HK\$'000	HK\$'000
Current portion			
Other payables and accrual expenses	1,499	1,593	1,647
Accrued staff commission	3,533	4,533	3,742
Other deposits received	1,487	488	452
Customers' deposits received	<u>6,460</u>	<u>7,406</u>	<u>6,379</u>
	12,979	14,020	12,220
Non-current portion			
Other payables	<u>556</u>	<u>556</u>	<u>556</u>
	<u>13,535</u>	<u>14,576</u>	<u>12,776</u>

Our accruals, deposits received and other payables balance mainly comprised of customers' deposits received, accrued staff commission and other payables and accrual expenses during the Track Record Period.

Customers' deposits received represented upfront payments from our customers, the balance of which accounted for approximately 47.7%, 50.8% and 49.9% of our accruals, deposits received and other payables as at 31 March 2014 and 2015 and 30 September 2015, respectively.

Accrued staff commission represented commission accrued to our staff, which is generally determined by reference to gross profit derived from the orders and projects handled by them, the balance of which accounted for approximately 26.1%, 31.1% and 29.3% of our accruals, deposits received and other payables as at 31 March 2014 and 2015 and 30 September 2015, respectively.

Other payables and accrual expenses mainly represented mandatory provident fund payable for our employees and miscellaneous items.

The increase in accruals, deposits received and other payables of approximately HK\$1.0 million as at 31 March 2015 as compared to that as at 31 March 2014 was mainly due to (a) the increase of approximately HK\$1.0 million of accrued staff commission; and (b) the increase of approximately HK\$0.9 million of customers' deposits received as upfront payments, partially offset by the decrease of approximately HK\$1.0 million in other deposits received.

The decrease in accruals, deposits received and other payables of approximately HK\$1.8 million as at 30 September 2015 as compared to that as at 31 March 2015 was mainly due to (a) the decrease of approximately HK\$0.8 million of accrued staff commission; and (b) the decrease of approximately HK\$1.0 million of customers' deposits received as upfront payments.

FINANCIAL INFORMATION

Amounts due from/(to) related company(ies)

The table below sets out a summary of our amounts due from/(to) related company(ies) as at the relevant balance sheet dates indicated:

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
Amount due from			
— ServiceOne HK	770	—	—
	<u>770</u>	<u>—</u>	<u>—</u>
Amount due to			
— ServiceOne HK	—	1,049	325
— ServiceOne Technology Services Macau Limited	—	230	161
— China Expert	8	4,048	43
	<u>8</u>	<u>5,327</u>	<u>529</u>

Our amounts due from/(to) related company(ies) were unsecured and interest-free. During the Track Record Period, our balances with related companies mainly represented those with ServiceOne HK and China Expert.

Our amount due from/(to) ServiceOne HK mainly represented reimbursement by ServiceOne HK to us of cost for sharing of finance, human resources and administrative functions and cost related to the sharing of the Hong Kong Office and trade balances between us and ServiceOne HK relating to the outsourcing IT support services and sale and purchase of IT products. Our amount due to ServiceOne Technology Services Macau Limited was trade in nature and represented balances relating to the outsourcing IT support services. For details, please refer to Note 27 to the Accountant's Report as set out in Appendix I to this prospectus.

Our amount due to China Expert represented an advance from China Expert. The balance of approximately HK\$4.0 million as at 31 March 2015 was settled in April 2015 and the balance of approximately HK\$43,000.0 as at 30 September 2015 was settled in November 2015.

FINANCIAL INFORMATION

Commitments

Operating lease commitments

During the Track Record Period, operating lease commitments represented rentals payable by us for our office premises and warehouse. The table below sets out our future minimum lease payments under non-cancellable operating leases as at the relevant balance sheet dates indicated:

	As at 31 March		As at
	2014	2015	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Not later than one year	3,104	4,622	5,164
Later than one year and not later than five years	<u>304</u>	<u>7,196</u>	<u>6,885</u>
	<u>3,408</u>	<u>11,818</u>	<u>12,049</u>

Capital commitments

Our Group had no capital expenditures contracted but not yet incurred and provided for as at the relevant balance sheet dates during the Track Record Period.

As at the Latest Practicable Date, our Group had no capital commitments.

Indebtedness

Borrowings

As at the close of business on 31 January 2016, being the latest practicable date for the purpose of this indebtedness statement, our Group had not been granted any borrowing, and did not have any outstanding loan capital issued and outstanding or agreed to be issued, term loans, bank overdrafts, loan from government, other borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities. The amounts due to related companies were unsecured, unguaranteed, interest-free and repayable on demand.

During the Track Record Period, our Group did not experience any default or withdrawal or request for early repayment of borrowings nor did we breach any finance covenants.

As at the close of business on 31 January 2016, we had banking facility of HK\$10.8 million, of which HK\$6.6 million was unutilised. Such banking facility was for the purpose of banker's guarantee required for tenders of projects.

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Contingent liabilities and guarantees

As at 31 January 2016, our Group did not have any significant contingent liabilities, guarantees or any litigations against our Group.

Save as disclosed above and apart from intra-group liabilities, as at 31 January 2016, our Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

KEY FINANCIAL RATIOS

The table below sets out our key financial ratios for the years/period or as at the dates indicated.

	Year ended/as at 31 March		Period ended/ as at 30 September
	2014	2015	2015
Return on equity ⁽¹⁾	15.9%	25.5%	17.7%
Return on total assets ⁽²⁾	6.8%	10.1%	8.1%
Current ratio ⁽³⁾	1.7	1.6	1.8
Net debt to equity ratio ⁽⁴⁾	N/A	N/A	N/A
Gearing ratio ⁽⁵⁾	N/A	N/A	N/A

Notes:

1. Return on equity is calculated by profit for the year/period divided by total equity. Return on equity for 1H2016 is calculated using the profit for 1H2016 adjusted on an annualised basis.
2. Return on total assets is calculated by profit for the year/period divided by total assets. Return on total assets for 1H2016 is calculated using the profit for 1H2016 adjusted on an annualised basis.
3. Current ratio is calculated based on total current assets divided by total current liabilities.
4. Net debt to equity ratio is calculated by net debt divided by total equity. Net debt is defined as bank and other debts incurred not in the ordinary course of business minus cash and cash equivalents (including pledged bank deposits).
5. Gearing ratio is calculated by total debt divided by total equity. Total debt is defined as bank and other debts incurred not in the ordinary course of business.

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Return on equity

Our return on equity increased from approximately 15.9% for FY2014 to approximately 25.5% for FY2015. Such increase was primarily attributable to the increase in our net profit, which almost doubled from approximately HK\$8.0 million for FY2014 to approximately HK\$15.6 million for FY2015. Our total equity as at 31 March 2015 increased by approximately 22.2% as compared to that as at 31 March 2014.

For 1H2016, our return on equity would be approximately 17.7% on an annualised basis.

Return on total assets

Our return on total assets increased from approximately 6.8% for FY2014 to approximately 10.1% for FY2015. Such increase was primarily attributable to the increase in our net profit. Our total assets as at 31 March 2015 increased by approximately 32.2% as compared to that as at 31 March 2014.

For 1H2016, our return on total assets would be approximately 8.1% on an annualised basis.

Current ratio

Our current ratio remained stable during the Track Record Period.

LISTING-RELATED EXPENSES

The estimated total expenses in relation to the Listing to be borne by us is approximately HK\$17.8 million (assuming the Placing Price of HK\$0.25 per Placing Share, being the mid-point of the proposed Placing Price range), of which (a) approximately HK\$5.6 million is directly attributable to the issue of new Shares to the public and is to be accounted for as a deduction from equity; and (b) approximately HK\$12.2 million has been or will be charged to our Group's profit and loss account prior to or up to completion of the Listing.

For the six months ended 30 September 2015, we have incurred Listing-related expenses of approximately HK\$0.9 million. The aforesaid expenses, together with the expenses to be recognised in our Group's profit and loss in relation to the Listing for the year ending 31 March 2016, is estimated to amount to, in aggregate, approximately HK\$12.2 million.

WORKING CAPITAL CONFIRMATION

Our Directors are of the opinion that, taking into account the financial resources available to our Group presently including our operating cash flows and the net proceeds available to us from the Placing, our Group has sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in Note 27 to the Accountant's Report of our Group in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and such terms were no less favorable to our Group than those available to/from Independent Third Parties and were fair and reasonable and in the interests of our Company and our Shareholders as a whole.

FINANCIAL INFORMATION

For details of the related party transactions during the Track Record Period, please refer to Note 27 to the Accountant's Report of our Group as contained in Appendix I to this prospectus.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at the Latest Practicable Date, we did not enter into any material off-balance sheet transaction.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

In the normal course of business, we are exposed to various types of market risks including the followings:

Credit risk

The credit risk exposed to our Group mainly arises from trade receivables from our customers, pledged bank deposits and cash at banks.

As at 31 March 2014, 31 March 2015 and 30 September 2015, the total balance of trade receivables due from our five largest customers accounted for approximately 13.1%, 31.8% and 15.4% of our trade receivables, respectively. Our five largest customers during the Track Record Period mainly included the Government and education institutions in Hong Kong. As at the Latest Practicable Date, our business relationships with the five largest customers ranged from approximately two years to 16 years. In light of the long-term cooperation relationship with, and good credit quality of, these customers, we believe that there is no material credit risk inherent in our Group's outstanding trade receivables balances due from these customers.

As the counter-parties to our pledged bank deposits and cash at banks are reputable banks with high quality external credit ratings, we believe that the credit risk in relation thereto is negligible.

Liquidity risk

Liquidity risk is the risk that our Group will not be able to meet our obligations associated with our financial liabilities when they become due. In particular, our liquidity risk mainly arises from settlement of trade and other payables and our cash flow management.

Our Group's policy for management of liquidity risk is to regularly monitor current and expected liquidity requirements to ensure that we maintain sufficient reserves of cash and/or adequate committed lines of funding from major banks and financial institutions to meet our long and short term liquidity requirements.

Currency risk

Currency risk is the risk arising from the fluctuation in fair value or future cash flows of a financial instrument because of changes in foreign exchange rates. Our currency risk mainly arises from cash and cash equivalents denominated in RMB, MOP and USD. During the Track Record Period, our Group did not adopt any hedging strategy nor did we use any hedging contracts to engage in speculative activities; yet our management continuously monitored our foreign exchange risk exposure.

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The table below sets out a summary of our foreign currency denominated financial assets, translated into HK\$ at the prevailing closing rates, as at the relevant balance sheet dates indicated:

	As at 31 March						As at 30 September		
	2014			2015			2015		
	HK\$'000			HK\$'000			HK\$'000		
	MOP	RMB	USD	MOP	RMB	USD	MOP	RMB	USD
Cash and cash equivalents	137	18,446	3,467	412	27,469	1,707	277	26,401	2,321
Held-to-maturity investments	—	3,093	—	—	—	—	—	—	—
Overall net exposure	137	21,539	3,467	412	27,469	1,707	277	26,401	2,321

Our Group had significant exposure to RMB as at the relevant balance sheet dates during the Track Record Period. It is estimated that a general increase/decrease of 8.0% in the foreign exchange rate of RMB to HK\$ as at the relevant balance sheet dates during the Track Record Period, with all other variables held constant, would lead to an increase/decrease in our Group's profit for the relevant year/period and retained earnings by approximately HK\$1.7 million, HK\$2.2 million and HK\$2.1 million, respectively.

As at the Latest Practicable Date, our Group had no exposure to RMB.

DIVIDEND POLICY

We paid dividends of approximately HK\$5.2 million, HK\$4.5 million and HK\$8.0 million for FY2014, FY2015 and 1HFY2016, respectively. Other than the payment of dividends of HK\$25.0 million in November 2015, we have not declared or paid any dividends since November 2015 and up to the Latest Practicable Date.

Our Group currently does not have a fixed dividend policy. Dividends to be declared and paid in the future will be subject to our Directors' discretion and will depend on our financial conditions, results of operations, cash availability, statutory and regulatory restrictions in relation thereto, future prospects, and any other factors that our Directors may consider relevant.

Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the relevant laws.

DISTRIBUTABLE RESERVES

As at 30 September 2015, our Company did not have any distributable reserves available for distribution to our Shareholders.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Based on the unaudited management accounts, we recorded a moderate decrease in revenue and gross profit but recorded a stable gross profit margin for the four months ended 31 January 2016, which led to a decrease in net profit (before deducting the Listing-related expenses), as compared to the four months ended 31 January 2015. Despite the forecasted year-on-year growth rate of 5.8% on the total IT expenditure in Hong Kong in 2016 as disclosed under the paragraph headed "Total IT expenditure in Hong Kong" under the "Industry Overview" section, we recorded a decrease in revenue during the four months ended 31 January 2016 as we have a small market share in the IT industry of

FINANCIAL INFORMATION

Hong Kong and we are not a dominant player in the industry and thus our performance is more likely to be affected by our customers' demand rather than the overall industry trend. Our decrease in revenue during the four months ended 31 January 2016, as compared to the four months ended 31 January 2015, was mainly due to the decrease in demand for IT infrastructure solutions from our customers in the public sector as we were able to secure two major projects from two Hong Kong education institutions in the total amount of approximately HK\$13.2 million for the four months ended 31 January 2015, which was not recurring. It is also noted that although the total IT expenditure in Hong Kong in 2016 is expected to increase as compared to 2015, the forecasted year-on-year growth rate in 2016 of approximately 5.8% in total IT expenditure in Hong Kong is lower than the estimated year-on-year growth rate of approximately 9.4% in 2015. This indicates the growth in demand for IT expenditures in Hong Kong is slowing down.

To the best knowledge of our Directors, the profit margin for the IT infrastructure solutions in the private sector is generally higher than that in the public sector, which has been the case for our Group during the Track Record Period. However, we recorded a lower gross profit margin for the private sector than that of the public sector for the four months ended 31 January 2016. This was mainly due to the decrease in gross profit margin for our customers in the private sector as a result of our efforts in maintaining our customer base in the private sector by offering more attractive prices in light of weaker demand from our customers. As customers in the private sector were facing more uncertain economic conditions, they would be more cautious to IT spending. Therefore, we needed to lower our pricing terms to maintain our customer base. However, we were able to maintain our pricing terms in general for our customers in the public sector as they are less price sensitive in nature to economic conditions as compared to the private sector. As we were able to achieve an increase in gross profit margin from our customers in the public sector (which was mainly due to that despite the decrease in revenue, we were able to maintain our pricing terms on one hand and on the other hand had lower unit cost of IT hardware and software as a result of more favourable terms from our suppliers in view of our satisfactory sales performance for the year ended 31 March 2015), we maintained a stable gross profit margin. Since the second half for the year ending 31 March 2016, we faced weaker market conditions mainly as a result of slow down in the growth of the PRC economy, the possible further increase in interest rate by the US Federal Reserve, continued fall in retail sales, stock market volatility and uncertain property market in Hong Kong. We consider that such weak market outlook may have adverse impact on the overall demand for the IT infrastructure solutions and may reduce our business volume and exert pressure on the pricing terms of our products, hence reducing our profit margin. As most of our operating expenses are fixed in nature, possible increase in compliance cost after the Listing and the lack of write back of payables and reverse of impairment loss of receivables of approximately HK\$1.5 million recorded in the year ended 31 March 2015, the possible decrease in our net profit due to the possible decrease in our revenue may be more than the possible decrease in our gross profit for the year ending 31 March 2016. As such, our business and results of our operations for the year ending 31 March 2016 may be adversely affected. We also expect to record a loss in the financial year ending 31 March 2016 mainly as a result of the recognition of Listing-related expenses.

Save for the above and the impact of the Listing-related expenses as disclosed above, our Directors confirm that, there has been no material adverse change in the financial or trading position or prospects of our Group, and there is no event which would materially affect the information shown in the Accountant's Report of our Group as set out in Appendix I to this prospectus since 30 September 2015, being the date to which the latest audited combined financial statements of our Group were made up, and up to the date of this prospectus.

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DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there are no circumstances which would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following statement shows the unaudited pro forma adjusted net tangible assets attributable to owners of our Company as at 30 September 2015 based on the audited combined net tangible assets attributable to owners of our Company as at 30 September 2015 as extracted from the Accountant's Report of our Group as set out in Appendix I to this prospectus and adjusted as follows:

	Audited combined net tangible assets attributable to owners of our Company (Note 1) HK\$'000	Estimated net proceeds from the Placing (Note 2) HK\$'000	Unaudited pro forma adjusted net tangible assets attributable to owners of our Company HK\$'000	Unaudited pro forma adjusted net tangible assets per Share (Note 3) HK\$
Based on the Placing Price of HK\$0.2 per Share	58,241	25,405	83,646	0.10
Based on the Placing Price of HK\$0.3 per Share	58,241	44,605	102,846	0.13

Notes:

1. The audited combined net tangible assets of our Group attributable to owners of our Company as at 30 September 2015 is extracted from the Accountant's Report set out in Appendix I to this prospectus.
2. The estimated net proceeds from the placing of 200,000,000 new Shares pursuant to the Placing are based on the Placing Price of HK\$0.2 and HK\$0.3 per Share, being the low end and high end of the stated Placing Price range, respectively, after deduction of the Listing-related expenses to be incurred by our Group. No account has been taken into of the Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme.
3. The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 800,000,000 Shares in issue immediately following the completion of the Capitalisation Issue and the Placing as set out in the section headed "Share Capital" in this prospectus. It does not take into account of any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix IV to this prospectus otherwise.
4. No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 30 September 2015.
5. The unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company does not take into account the dividends of HK\$25.0 million declared by our Group to the then equity owners on 30 October 2015. Had the dividends been taken into account, the unaudited pro forma adjusted combined net tangible assets per Share would be HK\$0.07 (assuming a Placing Price of HK\$0.2 per Share) and HK\$0.10 (assuming a Placing Price of HK\$0.3 per Share), respectively.

UNDERWRITING

UNDERWRITERS

BOSC International Company Limited
Aristo Securities Limited
Halcyon Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Underwriting Agreement

Pursuant to the Underwriting Agreement, our Company has agreed to offer the Placing Shares for subscription at the Placing Price under the Placing. The Underwriters have agreed, subject to the terms and conditions of this prospectus and the Underwriting Agreement, to procure subscribers to subscribe for, or failing which they shall subscribe for, the Placing Shares.

The Underwriting Agreement is subject to, among other conditions, the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including the Placing Shares, the Shares to be issued pursuant to the Capitalisation Issue and any Shares which may fall to be issued pursuant to the exercise of any options as may be granted under the Share Option Scheme), and such listing and permission not subsequently being revoked prior to the commencement of trading of the Shares on GEM, and the Placing Price having been duly fixed on the Price Determination Date.

Grounds for termination

The Joint Lead Managers (for themselves and on behalf of the Underwriters) shall have the absolute right to terminate the arrangements set out in the Underwriting Agreement which is only exercisable by both the Joint Lead Managers (for themselves and on behalf of the Underwriters) together by giving notice in writing to the Company (for itself and on behalf of our executive Directors and our Controlling Shareholders) at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Tuesday, 12 April 2016) if there shall develop, occur, exist or come into effect:

- (a) any new law or regulation or any material change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the Cayman Islands or any relevant jurisdiction; or
- (b) any material adverse change (whether or not permanent) in local, national or international stock market conditions; or
- (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (d) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the Cayman Islands or any relevant jurisdiction; or
- (e) any material adverse change in the business or in the financial or trading position of our Group or otherwise; or

UNDERWRITING

- (f) any change or development (whether or not permanent), or any event or series of events resulting in any change in the financial, legal, political, economic, military, industrial, fiscal, regulatory, market (including stock market) or currency matters or condition in Hong Kong, the Cayman Islands or any relevant jurisdiction; or
- (g) a general moratorium on commercial banking activities in Hong Kong, the Cayman Islands or any relevant jurisdiction declared by the relevant authorities; or
- (h) any event of force majeure including but without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, natural disaster or outbreak of infectious diseases,

which in the reasonable opinion of the Joint Lead Managers (for themselves and on behalf of the Underwriters):

- (i) might be materially adverse to the business, financial condition or prospects of our Group taken as a whole; or
- (ii) might have a material adverse effect on the success of the Placing or might have the effect of making any part of the Underwriting Agreement incapable of implementation or performance in accordance with its terms; or
- (iii) makes it inadvisable or inexpedient to proceed with the Placing.

Without prejudice to the above, if, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, it comes to the notice of the Joint Lead Managers (for themselves and on behalf of the Underwriters):

- (a) any matter or event showing any of the warranties given by our Company, our executive Directors and our Controlling Shareholders in the Underwriting Agreement to be untrue, inaccurate or misleading when given or repeated or any breach of any of the warranties given by our Company, our executive Directors and Controlling Shareholders in the Underwriting Agreement or any other provision of the Underwriting Agreement by any party thereto (other than the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters), which is considered, in the reasonable opinion of the Joint Lead Managers (for themselves and on behalf of the Underwriters), to be material in the context of the Placing; or
- (b) any matter which, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus and the placing letter, would have constituted a material omission in the absolute opinion of the Joint Lead Managers (for themselves and on behalf of the Underwriters) in the context of the Placing; or
- (c) any statement contained in this prospectus and the placing letter reasonably considered to be material by the Joint Lead Managers (for themselves and on behalf of the Underwriters) which is discovered to be or becomes untrue, incorrect or misleading in any respect and in the reasonable opinion of the Joint Lead Managers (for themselves and on behalf of the Underwriters) to be material in the context of the Placing; or

UNDERWRITING

- (d) any event, act or omission which gives rise to or is likely to give rise to any material liability of our Company, our executive Directors and our Controlling Shareholders pursuant to the indemnities contained in the Underwriting Agreement,

the Joint Lead Managers (for themselves and on behalf of the Underwriters) shall be entitled to (but not bound) by notice jointly issued by both the Joint Lead Managers (for themselves and on behalf of the Underwriters) in writing to our Company (for itself and on behalf of our executive Directors and our Controlling Shareholders) on or prior to 8:00 a.m. (Hong Kong time) on the Listing Date, to terminate the Underwriting Agreement together.

Undertakings

Our Controlling Shareholders have undertaken to and covenanted with our Company, the Stock Exchange, the Sponsor, the Joint Bookrunners and the Joint Lead Managers (for themselves and on behalf of the Underwriters) that, unless in compliance with the requirements of the GEM Listing Rules, they shall not, and shall procure that the relevant registered holder(s) of the Shares shall not:

- (a) in the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is six months from the Listing Date (the **"First Six-month Period"**), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which they are shown in this prospectus to be the beneficial owners; and
- (b) in the period of six months commencing on the date immediately following the date on which the First Six-month Period expires (the **"Second Six-month Period"**), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders would cease to be controlling shareholders (as defined under the GEM Listing Rules) of our Company.

The Controlling Shareholders have undertaken to and covenanted with our Company, the Stock Exchange, the Sponsor, the Joint Bookrunners and the Joint Lead Managers (for themselves and on behalf of the Underwriters) that:

- (a) in the event that they pledge or charge any of their direct or indirect interest in the Shares under the circumstances set out in Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules at any time during the First Six-month Period and the Second Six-month Period, they must inform our Company, the Sponsor, the Joint Bookrunners and the Joint Lead Managers (for themselves and on behalf of the Underwriters) (as the case may be) immediately thereafter, disclosing the details as specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (b) having pledged or charged any of their interests in the Shares under sub-paragraph (a) above, they must inform our Company, the Sponsor, the Joint Bookrunners and the Joint Lead Managers (for themselves and on behalf of the Underwriters) (as the case may be) immediately in the event that they become aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Shares affected.

UNDERWRITING

Our Company will inform the Stock Exchange as soon as our Company has been informed of the above matters by our Controlling Shareholders and disclose such matters by way of announcement in accordance with Rule 17.43 of the GEM Listing Rules as soon as possible after being so informed by our Controlling Shareholders.

Our Company has undertaken to and covenanted with the Sponsor, the Joint Bookrunners and the Joint Lead Managers (for themselves and on behalf of the Underwriters) that, each of our Controlling Shareholders and our executive Directors has jointly and severally undertaken to and covenanted with the Sponsor, the Joint Bookrunners and the Joint Lead Managers (for themselves and on behalf of the Underwriters) to procure that, save (a) with the prior written consent of the Joint Lead Managers (for themselves and on behalf of the Underwriters) (such consent not to be unreasonably withheld or delayed); (b) pursuant to the Capitalisation Issue or the Placing; (c) as permitted under the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules) and the applicable laws; or (d) pursuant to an issue of Shares under the Share Option Scheme, our Company shall not, within the period of six months from the Listing Date:

- (a) allot or issue or agree to allot or issue any Shares or any other securities in our Company (including warrants or other convertible securities (and whether or not of a class already listed));
- (b) grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for, or otherwise convert into, or exchange for, any Shares or any other securities of our Company;
- (c) purchase any securities of our Company; or
- (d) offer to or agree to do any of the actions mentioned in sub-paragraphs (a) to (c) above or announce any intention to do so.

Each of Mr. Chan, Ms. Wong and Ms. Lai has undertaken to and covenanted with our Company, the Sponsor, the Joint Bookrunners and the Joint Lead Managers (for themselves and on behalf of the Underwriters) that save as permitted under the GEM Listing Rules, he/she shall not and shall procure that the relevant registered holder(s) of the Shares shall not, during the First Six-month Period, sell, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she is shown in this prospectus to be the beneficial owner provided that the restrictions in this paragraph shall not apply to any Shares which Mr. Chan, Ms. Wong or Ms. Lai or any of his/her respective associates may acquire or become interested in following the Listing Date.

Commissions, fees and expenses

The Underwriters will receive in Hong Kong dollars a commission at the rate of 4.0% of the aggregate Placing Price of all the Placing Shares, out of which the Underwriters may pay any sub-underwriting commissions and placing commission in connection with the Placing. The Sponsor will also receive documentation fee. The underwriting commission, the Stock Exchange listing fees, the Stock Exchange trading fees, the SFC transaction levy, advisory fee, legal and other professional fees, printing and other expenses relating to the Placing are currently estimated to be approximately HK\$17.8 million in aggregate (based on the mid-point of our indicative price range for the Placing, being HK\$0.25 per Placing Share), which will be payable by our Company.

UNDERWRITING

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their obligations under the Underwriting Agreement as disclosed in this prospectus, the Underwriters have no shareholding interest in our Group or the right (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group.

SOLE SPONSOR'S INTEREST AND INDEPENDENCE

Save as disclosed in this prospectus, and for documentation fee paid and to be paid to BOSC International Company Limited as the Sponsor in connection with the Listing and as our compliance adviser with effect from the Listing Date, the Sponsor nor any of its close associates has or may, as a result of the Listing and the Placing, have any interest in any class of securities of our Company or any other members of our Group (including options or rights to subscribe for such securities).

No director or employee of the Sponsor who is involved in providing advice to our Company has or, as a result of the Listing and/or the Placing, may have any interest in any class of securities of our Company or any other members of our Group (including options or rights to subscribe for such securities). No director or employee of the Sponsor has any directorship in our Company or any other members of our Group.

The Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules.

STRUCTURE AND CONDITIONS OF THE PLACING

PLACING PRICE

The Placing Price is expected to be not more than HK\$0.3 per Placing Share (and expected to be not less than HK\$0.2 per Placing Share) plus 1.0% brokerage, 0.005% Stock Exchange trading fee and 0.0027% transaction levy imposed by the SFC. Assuming the Placing Price of HK\$0.3 or HK\$0.2 per Share (being the highest and lowest prices of indicative Placing Price range respectively), investors shall pay HK\$3,030.23 and HK\$2,020.15 for every board lot of 10,000 Shares.

The Placing Price will be fixed by an agreement expected to be entered into between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) on the Price Determination Date which is scheduled on or about Wednesday, 6 April 2016 (or such later time and date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) in writing). If our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Placing Price on the Price Determination Date, or such later time and date as may be agreed between our Company and the Joint Lead Managers (for themselves and on behalf of the Underwriters) in writing, the Placing will not become unconditional and will lapse immediately. In such event, our Company will immediately issue an announcement on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.expertsystems.com.hk.

Prospective investors of the Placing Shares should be aware that the Placing Price to be determined on the Price Determination Date may be, but is currently not expected to be, lower than the indicative range of the Placing Price stated in this prospectus.

If, the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company, consider it appropriate (for instance, if the level of interest is below the indicative Placing Price range), the indicative Placing Price range may be reduced below that stated in this prospectus at any time prior to the Price Determination Date. If this occurs, our Company shall, as soon as practicable following the decision to make such reduction, cause to be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.expertsystems.com.hk a notice of the reduction of the indicative Placing Price range.

The level of indications of interests in the Placing, the final Placing Price and the basis of allocations of the Placing Shares will be announced on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.expertsystems.com.hk at or before 9:00 a.m. on Monday, 11 April 2016.

CONDITIONS OF THE PLACING

The Placing will be conditional upon, among others:

- (a) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue, the Placing Shares, the Shares to be issued pursuant to the Capitalisation Issue and any Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme; and
- (b) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms or otherwise,

in each case, on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times), and in any event not later than the date which is 30 days after the date of this prospectus.

If any of the above conditions has not been fulfilled or waived prior to the time(s) and date(s) specified, the Placing will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be published by our Company on the Stock Exchange's website at

STRUCTURE AND CONDITIONS OF THE PLACING

www.hkexnews.hk and our Company's website at www.expertsystems.com.hk on the next business day following such lapse. All monies received will be refunded to applicants of the Placing Shares without interests.

THE PLACING

Our Company is offering 200,000,000 Placing Shares for subscription by way of Placing.

Investors subscribing for and purchasing the Placing Shares are also required to pay 1.0% brokerage, 0.005% Stock Exchange trading fee and 0.0027% transaction levy imposed by the SFC.

It is expected that the Underwriters (subject to the terms and conditions of the Underwriting Agreement, and subject to our Company and the Joint Lead Managers agreeing to the Placing Price) or selling agents nominated by them, on behalf of our Company will conditionally place the Placing Shares at the Placing Price to selected individuals, institutional and professional investors in Hong Kong. Such institutional and professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary businesses involve dealing in shares and other securities and/or corporate entities which regularly invest in shares and other securities.

BASIS OF ALLOCATION

Allocation of the Placing Shares to selected individuals, institutional and professional investors will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investors are likely to purchase further Shares or hold or sell their Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares which would lead to the establishment of a solid institutional and professional shareholder base for the benefit of our Company and our Shareholders as a whole. In particular, the Placing Shares will be allocated pursuant to Rule 11.23(8) of the GEM Listing Rules, that no more than 50.0% of the Shares in public hands at the time of Listing will be owned by the three largest public Shareholders. There will not be any preferential treatment in the allocation of the Placing Shares to any person.

No allocation will be permitted to nominee companies unless the name of the ultimate beneficiary is disclosed, without the prior written consent of the Stock Exchange. Details of the Placing will be announced in accordance with Rules 10.12(4), 16.08 and 16.16 of the GEM Listing Rules.

LISTING DATE

Dealings in the Shares on GEM are expected to commence on Tuesday, 12 April 2016. The Shares will be traded in board lots of 10,000 Shares. The stock code of the Shares is 8319.

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SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on GEM and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS, with effect from the Listing Date or any other date that HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangements as such arrangements will affect their rights and interests.

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the Company's reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong.



30 March 2016

The Directors
Expert Systems Holdings Limited
BOSC International Company Limited

Dear Sirs

We set out below our report on the financial information of Expert Systems Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") which comprises the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015 (the "Relevant Periods"), and the combined statements of financial position of the Group as at 31 March 2014, 2015 and 30 September 2015 and the statement of financial position of the Company as at 30 September 2015, and a summary of significant accounting policies and other explanatory notes (the "Financial Information"), prepared on the basis of presentation set out in Note 2 of Section II below, for inclusion in the prospectus of the Company dated 30 March 2016 (the "Prospectus") in connection with the listing of the shares of the Company on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in the Cayman Islands on 18 September 2015 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to the group reorganisation (the "Reorganisation") as described in Note 2 of Section II below, the Company became the holding company of the subsidiaries now comprising the Group on 9 November 2015. The Company has not carried out any business since the date of its incorporation, except for the aforementioned reorganisation. The Group is principally engaged in provision of information technology ("IT") infrastructure solutions mainly in Hong Kong. The Company and its subsidiaries have adopted 31 March as their financial year end date. Particulars of the subsidiaries comprising the Group are set out in Note 1 of Section II below.

No audited financial statements have been prepared for the Company since its date of incorporation as it is newly incorporated and has not carried on any business, other than the Reorganisation as referred to above.

BASIS OF PREPARATION

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Relevant Periods (the "Underlying Financial Statements"), in accordance with the basis of presentation set out in Note 2 of Section II below and the accounting policies set out in Note 5 of Section II below which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements with no adjustments made thereon and in accordance with the basis of presentation set out in Note 2 of Section II below.

DIRECTORS' RESPONSIBILITY

The directors of the Company are responsible for the contents of the Prospectus including the preparation of the Financial Information that gives a true and fair view in accordance with the basis of presentation set out in Note 2 of Section II below and the accounting policies set out in Note 5 of Section II below, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "Listing Rules"), and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANT'S RESPONSIBILITY

It is our responsibility to form an opinion on the Financial Information and to report our opinion to you.

For the purpose of this report, we have carried out audit procedures in respect of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the "HKSAs") issued by the HKICPA and have examined the Financial Information of the Group and carried out appropriate procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, the Financial Information, for the purpose of this report, prepared on the basis set out in Note 2 of Section II below and in accordance with the accounting policies in Note 5 of Section II below, gives a true and fair view of the financial position of the Company as at 30 September 2015 and the combined financial position of the Group as at 31 March 2014 and 2015 and 30 September 2015 and of the combined financial performance and combined cash flows of the Group for each of the Relevant Periods then ended.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the six months ended 30 September 2014, together with the explanatory information thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

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

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

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

I. FINANCIAL INFORMATION

Combined Statements of Comprehensive Income

	<i>Notes</i>	Year ended 31 March		Six months ended 30 September	
		2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i>
Revenue	8	274,789	317,002	152,980	141,301
Cost of sales		<u>(241,005)</u>	<u>(272,777)</u>	<u>(131,765)</u>	<u>(118,612)</u>
Gross profit		33,784	44,225	21,215	22,689
Other income and gains	8	981	2,439	1,152	538
Selling expenses		(18,220)	(21,749)	(10,668)	(11,587)
Administrative expenses		<u>(7,012)</u>	<u>(6,553)</u>	<u>(3,347)</u>	<u>(5,290)</u>
Profit before income tax expense	9	9,533	18,362	8,352	6,350
Income tax expense	10	<u>(1,568)</u>	<u>(2,763)</u>	<u>(1,381)</u>	<u>(1,196)</u>
Profit and total comprehensive income for the year/period		<u>7,965</u>	<u>15,599</u>	<u>6,971</u>	<u>5,154</u>

Combined Statements of Financial Position

		As at 31 March		As at 30
		2014	2015	September
	Notes	HK\$'000	HK\$'000	2015
				HK\$'000
Non-current assets				
Property, plant and equipment	14	484	452	430
Finance lease receivables	15	—	—	52
Trade receivables	17	2,645	1,322	1,833
		3,129	1,774	2,315
Current assets				
Inventories	16	2,165	2,700	1,994
Trade receivables	17	33,939	53,734	44,302
Prepayments, deposits and other receivables	18	5,044	5,144	6,302
Amount due from a related company	24	770	—	—
Held-to-maturity investments	19	3,093	—	—
Finance lease receivables	15	—	—	14
Pledged bank deposits	20	9,700	4,200	4,200
Cash and cash equivalents	21	59,205	87,225	67,979
		113,916	153,003	124,791
Current liabilities				
Trade payables	22	53,490	72,184	53,153
Accruals, deposits received and other payables	23	12,979	14,020	12,220
Amounts due to related companies	24	8	5,327	529
Tax payables		34	1,603	2,407
		66,511	93,134	68,309
Net current assets		47,405	59,869	56,482
Total assets less current liabilities		50,534	61,643	58,797
Non-current liabilities				
Other payables	23	556	556	556
Net assets		49,978	61,087	58,241
EQUITY				
Share capital	25	8,024	8,024	8,024
Reserves		41,954	53,063	50,217
		49,978	61,087	58,241

Statement of Financial Position of the Company

		As at 30 September 2015 HK\$'000
	<i>Notes</i>	
ASSETS AND LIABILITIES		
Non-current assets		
Investments in subsidiaries	1	—
Net asset		<u>—</u>
EQUITY		
Share capital	25	—
Reserve		—
Total equity		<u>—</u>

Combined Statements of Changes in Equity

	Share capital HK\$'000 (Note 25)	Capital reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2013 (unaudited)	8,024	—	39,189	47,213
Profit and total comprehensive income for the year	—	—	7,965	7,965
Dividend paid (Note 12)	<u>—</u>	<u>—</u>	<u>(5,200)</u>	<u>(5,200)</u>
At 31 March 2014 and 1 April 2014	8,024	—	41,954	49,978
Profit and total comprehensive income for the year	—	—	15,599	15,599
Dividend paid (Note 12)	<u>—</u>	<u>—</u>	<u>(4,490)</u>	<u>(4,490)</u>
At 31 March 2015 and 1 April 2015	8,024	—	53,063	61,087
Profit and total comprehensive income for the period	—	—	5,154	5,154
Dividend paid (Note 12)	<u>—</u>	<u>—</u>	<u>(8,000)</u>	<u>(8,000)</u>
At 30 September 2015	<u>8,024</u>	<u>—</u>	<u>50,217</u>	<u>58,241</u>
At 31 March 2014 and 1 April 2014	8,024	—	41,954	49,978
Profit and total comprehensive income for the period	—	—	6,971	6,971
Dividend paid (Note 12)	<u>—</u>	<u>—</u>	<u>(4,490)</u>	<u>(4,490)</u>
At 30 September 2014 (unaudited)	<u>8,024</u>	<u>—</u>	<u>44,435</u>	<u>52,459</u>

Combined Statements of Cash Flows

	<i>Notes</i>	Year ended 31 March		Six months ended 30 September	
		2014	2015	2014	2015
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Cash flows from operating activities					
Profit before income tax expense		9,533	18,362	8,352	6,350
Adjustments for:					
Interest income	8	(434)	(695)	(323)	(412)
Depreciation of property, plant and equipment	14	312	265	142	141
Written back of other payables	8	(283)	(869)	—	—
(Reversal of)/impairment loss on trade receivables	9	594	(588)	(337)	74
(Reversal of)/impairment loss on inventories	9	5	(4)	31	(3)
Operating profit before working capital changes		9,727	16,471	7,865	6,150
(Increase)/decrease in inventories		(1,295)	(531)	(720)	709
(Increase)/decrease in trade receivables		(1,390)	(17,884)	(16,283)	8,847
(Increase)/decrease in prepayments, deposits and other receivables		850	(100)	(1,483)	810
Increase in finance lease receivables		—	—	—	(66)
(Increase)/decrease in amounts due from related companies		(770)	770	654	—
Decrease/(increase) in amounts due to related companies		(521)	1,279	799	(793)
Increase/(decrease) in trade payables		(5,601)	18,694	1,241	(19,031)
Increase/(decrease) in accruals, deposits received and other payables		706	1,910	(3,671)	(1,800)
Cash generated from/(used in) operations		1,706	20,609	(11,598)	(5,174)
Income tax paid		(2,518)	(1,194)	(522)	(392)
Net cash generated from/(used in) operating activities		<u>(812)</u>	<u>19,415</u>	<u>(12,120)</u>	<u>(5,566)</u>

	Notes	Year ended 31 March		Six months ended 30 September	
		2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Unaudited)	2015 HK\$'000
Cash flows from investing activities					
Purchase of property, plant and equipment		(440)	(233)	(53)	(119)
Redemption from held-to-maturity investments		1,350	3,093	3,093	—
(Increase)/decrease of pledged bank deposits		(550)	5,500	5,500	—
Interest received		<u>434</u>	<u>695</u>	<u>323</u>	<u>412</u>
Net cash generated from investing activities		<u>794</u>	<u>9,055</u>	<u>8,863</u>	<u>293</u>
Cash flows from financing activities					
Advance from/(repayment to) a related company		(149)	4,040	36	(4,005)
Dividends paid		(5,200)	(4,490)	(4,490)	(8,000)
Prepayment of new shares listing costs		<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,968)</u>
Net cash used in financing activities		<u>(5,349)</u>	<u>(450)</u>	<u>(4,454)</u>	<u>(13,973)</u>
Net (decrease)/increase in cash and cash equivalents		(5,367)	28,020	(7,711)	(19,246)
Cash and cash equivalents at beginning of the year/period		<u>64,572</u>	<u>59,205</u>	<u>59,205</u>	<u>87,225</u>
Cash and cash equivalents at end of the year/period	21	<u><u>59,205</u></u>	<u><u>87,225</u></u>	<u><u>51,494</u></u>	<u><u>67,979</u></u>

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is 17/F., AXA Tower, Landmark East, 100 How Ming Street, Kowloon, Hong Kong. The Group is principally engaged in the provision of IT infrastructure solutions in Hong Kong and Macau (the "Listing Business").

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability, the particulars of which are set out as follows:

Name	Country and date of incorporation/ establishment and form of business structure	Description of shares held	Attributable equity interest		Principal activities and place of operations	Notes
Expert Systems Group Limited ("Expert BVI")	British Virgin Islands, 24 September 2015, limited liability company	Ordinary, United States Dollars ("USD") ¹	100%	—	Investment holding, Hong Kong	(1)
Expert Systems Limited ("Expert HK")	Hong Kong, 10 September 1985, limited liability company	Ordinary, Hong Kong Dollars ("HK\$") 6,500,000 Deferred non-voting, HK\$1,500,000	—	100%	Provision of IT infrastructure solutions, Hong Kong	(2)
Expert Systems (Macau) Limited ("Expert Macau")	Macau, 27 July 2006, limited liability company	Ordinary, Macau Pataca ("MOP") 25,000	—	100%	Provision of IT infrastructure solutions, Macau	(1)

Notes:

- (1) No statutory financial statements have been prepared for this subsidiary as there is no statutory requirement to do so.
- (2) The statutory financial statements for the years ended 31 March 2014 and 31 March 2015 were audited by Hung Sui Kwan, Certified Public Accountants.

2. REORGANISATION AND BASIS OF PRESENTATION

Pursuant to the Reorganisation as detailed in the section headed "History, Reorganisation and Group Structure" in the Prospectus, in preparation for the listing of shares of the Company on the GEM of the Stock Exchange (the "Listing"), the Company became the holding company of the subsidiaries now comprising the Group on 9 November 2015. The Company and its subsidiaries have been under the common control of the Mr. Chu Siu Sum Alex ("Mr. Chu"), Mr. Lau Wai Kwok ("Mr. Lau"), Mr. Mok Chu Leung Terry ("Mr. Mok"), Mr. Cheung Nap Kai ("Mr. Cheung"), and Mr. Wong Chu Kee Daniel ("Mr. Wong") (the "Controlling Shareholders") throughout the Relevant Periods. As the Controlling Shareholders owned or controlled the Group before and after the Reorganisation, there was a continuation of the risks and benefits to the Controlling Shareholders and, therefore, the Reorganisation is considered to be a restructuring of entities and business under common control. Before and after the Reorganisation, there is also no change in management of the Group and the ultimate controlling shareholders of the Group remain the same. Accordingly, for the purpose of this report, the Financial Information has been prepared on a combined basis using merger accounting principles as if the group structure upon completion of the Reorganisation had existed throughout the Relevant Periods. The Financial Information has been prepared on a basis in accordance with the principles of the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by HKICPA.

For the purpose of this report, the Financial Information has been prepared on a combined basis, including the assets, liabilities and results of operations of all the companies, by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods or since the date when the respective subsidiaries and/or businesses were incorporated/established or first came under the common control of the controlling shareholders, whichever is later.

The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group, as if the current structure had been in existence throughout the Relevant Periods, or since their respective dates of acquisition or incorporation/establishment, where this is a shorter period. The combined statements of financial position of the Group as at the Relevant Periods have been prepared to present the state of affairs of the Group as if the current structure had been in existence at these dates or since their respective dates of acquisition or incorporation/establishment, whichever is the shorter period.

The Financial Information is presented in HK\$, which is also the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands, except when otherwise indicated.

3. BASIS OF PREPARATION

For the purpose of preparing and presenting the Financial Information, the Group has consistently applied the accounting policies set out below, which conform to HKFRSs (which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA, throughout the Relevant Periods. The Financial Information also complies with the applicable disclosure requirements of the Hong Kong Companies Ordinance, and the applicable disclosure provisions of the Listing Rules.

The Financial Information has been prepared under the historical cost basis.

It should be noted that accounting estimates and assumptions are used in the preparation of the Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 6.

4. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSS

The Group has not early applied the following new and revised HKFRSs that have been issued, potentially relevant to the Group's operations, but are not yet effective, in the Financial Information.

Amendments to HKAS 1	Disclosure Initiative ¹
HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle ¹
HKFRS 9 (2014)	Financial Instruments ³
HKFRS 15	Revenue from Contracts with Customers ²

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 1

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Other than as described above, the directors anticipated that the application of other new and revised HKFRSs will have no material impact on the Group's financial performance and positions and/or the disclosures set out in this report.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Basis of combination

For the purpose of this report, the Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods or since the date when the respective subsidiaries and were incorporated or first come under the common control of the controlling shareholder whichever is later.

The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of comprehensive income include the results of each of the combining entities or business from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The Financial Information incorporates the financial statements of the Company and entities controlled directly or indirectly by the Company. Combination of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on combination.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

5.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee; (2) exposure, or rights, to variable returns from the investee; and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

5.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each of the Relevant Periods. The estimated useful lives are as follows:

Leasehold improvements	3 years
Furniture and fixtures	3 years
Computer software and equipment	3 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

5.4 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

5.5 Financial instruments

(i) *Financial assets*

The Group's financial assets are mainly classified as loans and receivables and held-to-maturity investments. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), and also other types of contractual monetary assets. Loans and receivables are initially recognised at fair value plus directly attributable transaction costs that are directly attributable to the acquisition of the financial assets. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity investments

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses.

(ii) *Impairment loss on financial assets*

The Group assesses, at the end of each of the Relevant Periods, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (as incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include:

- significant financial difficulty of the debtor or the group of debtors;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; or
- it becoming probable that the debtor or the group of debtors will enter bankruptcy or other financial reorganisation.

For certain categories of financial assets such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio passed the general credit period, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) Financial liabilities

Financial liabilities at amortised cost include trade payables, accruals, deposits received and other payables, amounts due to related companies. They are initially recognised at fair value, net of directly attributable transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. The related interest expense is recognised in profit or loss. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

(v) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entities after deducting all of its liabilities. Equity instruments issued by a group entity are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year/period.

5.6 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

5.7 Leasing

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

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of land and buildings as a finance lease of property, plant and equipment.

5.8 Provision and contingent liabilities

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

5.9 Impairment of non-financial assets

At the end of each of the Relevant Periods, the Group reviews the carrying amounts of assets (other than inventories and financial assets) to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

5.10 Employee benefits

(i) Defined contribution retirement plan

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are recognised as an expense in profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(ii) Short-term employee benefits

Short-term employee benefits are recognised when they accrue to employees. In particular, a provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period. Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

5.11 Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

5.12 Income taxes

Income tax comprises current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

5.13 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services, net of rebates and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

- (a) Revenue from sales of goods is recognised when the Group has delivered the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods.
- (b) Revenue from IT infrastructure solutions includes hardware, software and service components. Generally, engagements of this nature are negotiated, priced and invoiced as one product because the provision of consulting, installation and configuration forms an integral part of completing the engagement. Revenue from systems integration is recognised upon completion of the project.
- (c) Interest income is recognised on a time-proportion basis using the effective interest method.

5.14 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions apply:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;

- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); or
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

5.15 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except interest income, unallocated finance costs, and unallocated corporate expenses, which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segment.

The only operating segment of the Group is the provision of enterprise solutions and integration services.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Financial Information of the Group requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each of the Relevant Periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(a) Critical judgments in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information:

Held-to-maturity financial assets

The Group classifies financial assets as held-to-maturity investments when it has a positive intention and ability to hold the investment to maturity. Directors exercise judgment based on the Group's treasury objective and financial risk management policy to determine whether the financial assets are to be classified as held-to-maturity.

(b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the Financial Information were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Allowance for slow-moving inventories

As explained in Note 5.4, the inventories are stated at the lower of cost and net realisable value. The cost of inventories represents the purchase cost only. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses.

The Group has the operational procedures in place to monitor the risk of inventories as the natures of inventories are subject to frequent technological changes. The management reviews an inventory age listing on a periodical basis to identify slow-moving inventories. This purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether an allowance is needed to be made in respect of any obsolete and defective inventories identified. In this regard, the directors of the Company are satisfied that this risk is properly managed and adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

Impairment loss for trade receivables

As explained in Note 5.5, the trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

In making the estimate, management considers detailed procedures are in place to monitor this risk as a significant proportion of the Company's working capital is devoted to trade receivables. In determining whether an allowance for bad and doubtful debts is required, the Company takes into consideration the aging status and the likelihood of collection. Following the identification of doubtful debts, the responsible sale personnel discuss with the relevant customers and report on the recoverability. Specific allowance is only made for trade receivables that are unlikely to be collected. In this regard, the management of the Group are satisfied that this risk is properly managed and adequate allowance for doubtful debts has been made in the financial statements in light of the historical records of the Group and the circumstances of the information technology industry as a whole.

Income tax expense

The Group is mainly subject to income taxes in Hong Kong. Significant judgement is required in determining the provision for income tax expense. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

7. SEGMENT INFORMATION

The chief operating decision maker is identified as executive director of the Company. The Group has identified its operating segment based on the regular internal financial information reported to the Company's executive director for their decisions about resources allocation and review of performance. For the Relevant Periods, the executive director has considered the only operating segment of the Group is the provision of IT infrastructure solutions services and finance leases income.

Geographical information

The following is an analysis of the Group's revenue by the geographical locations of customers for the Relevant Periods.

	Year ended 31 March		Six months ended 30 September	
	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Unaudited)	2015 HK\$'000
Hong Kong	266,719	308,566	148,701	138,238
Macau	8,070	8,436	4,279	3,063
	<u>274,789</u>	<u>317,002</u>	<u>152,980</u>	<u>141,301</u>

During the Relevant Periods, all of the Group's non-current assets are located in Hong Kong.

Information about major customers

During the Relevant Periods, no revenue from transactions with a single customer amounts to 10% or more of the Group's revenue.

8. REVENUE AND OTHER INCOME AND GAINS

The Group's principal activities are the provision of IT infrastructure solutions services and finance leases income.

Revenue from the Group's principal activities during the Relevant Periods is as follows:

	Year ended 31 March		Six months ended 30 September	
	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Unaudited)	2015 HK\$'000
Provision of IT infrastructure solutions	274,789	317,002	152,980	141,300
Finance leases income	—	—	—	1
Total	274,789	317,002	152,980	141,301
Other income and gains:				
Interest income	434	695	323	412
Written back of other payables	283	869	—	—
Exchange gains, net	—	—	445	—
Reversal of impairment loss on trade receivables	—	588	337	—
Sundry Income	264	287	47	126
Total	981	2,439	1,152	538

9. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting):

	Year ended 31 March		Six months ended 30 September	
	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Unaudited)	2015 HK\$'000
Costs of inventories recognised as expenses	214,179	242,412	117,646	102,835
Auditor's remuneration	49	60	30	30
Depreciation of property, plant and equipment	312	265	142	141
(Reversal of)/impairment loss on inventories	5	(4)	31	(3)
(Reversal of)/impairment loss on trade receivables	594	(588)	(337)	74
Staff costs (including directors' remuneration (Note 11(a)))				
— Wages, salaries and other benefits	19,778	23,590	11,722	12,881
— Contribution to defined contribution pension plans	724	859	434	486
Exchange (gain)/loss, net	312	17	(445)	519
Minimum lease payments under operating leases	1,612	1,760	859	908

10. INCOME TAX EXPENSE

The Group is subject to income tax on profits arising in or derived from Hong Kong, being its principal place of business. The income tax expense in the combined statements of comprehensive income during the Relevant Periods represents:

	Year ended 31 March		Six months ended 30 September	
	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Unaudited)	
Current tax — Hong Kong profits tax				
Tax for the year/period	1,568	2,778	1,373	1,197
Over-provision in respect of prior year	(10)	(10)	—	—
	<u>1,558</u>	<u>2,768</u>	<u>1,373</u>	<u>1,197</u>
Current tax — Overseas taxation				
Tax for the year/period	10	—	8	(1)
Over-provision in respect of prior year	—	(5)	—	—
	<u>10</u>	<u>(5)</u>	<u>8</u>	<u>(1)</u>
Income tax expense	<u>1,568</u>	<u>2,763</u>	<u>1,381</u>	<u>1,196</u>

Pursuant to the rules and regulations of Cayman Islands, the Group is not subject to any taxation under the jurisdictions of Cayman Islands.

No provision for Macau income tax has been made as the Group did not generate any assessable profits arising in Macau during the Relevant Period.

Overseas taxation is calculated at tax rates applicable to jurisdictions in which the Group operates.

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits during the Relevant Periods.

A reconciliation of the income tax expense applicable to profit before income tax expense at the statutory tax rate to the income tax expense at the effective tax rate for each of the Relevant Periods is as follows:

	Year ended 31 March		Six months ended 30 September	
	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Unaudited)	
Profit before income tax expense	<u>9,533</u>	<u>18,362</u>	<u>8,352</u>	<u>6,350</u>
Tax calculated at the statutory rate of 16.5%	1,573	3,029	1,378	1,048
Effect of different tax rates in other jurisdiction	(49)	(45)	(1)	4
Tax effect of expenses not deductible for tax purpose	152	—	5	157
Tax effect of revenue not taxable for tax purpose	(72)	(212)	(109)	(69)
Tax effect of temporary differences not recognised	(26)	6	108	56
Over-provision in respect of prior years	<u>(10)</u>	<u>(15)</u>	<u>—</u>	<u>—</u>
Income tax expense	<u>1,568</u>	<u>2,763</u>	<u>1,381</u>	<u>1,196</u>

11. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

Details of the remuneration paid or payable during the Relevant Periods by the entities comprising the Group to those directors of subsidiaries who were appointed as directors of the Company on 18 September 2015, 25 November 2015 or 15 March 2016 are as follows:

	Fees HK\$'000	Salaries and other benefits HK\$'000	Contribution to defined contribution pension plans HK\$'000	Total HK\$'000
Year ended 31 March 2014				
Executive directors:				
Mr. Lau Wai Kwok	—	1,611	15	1,626
Ms. Lau Tsz Yan	—	967	15	982
Mr. So Cheuk Wah, Benton	—	463	15	478
Non-executive directors:				
Mr. Wong Chu Kee, Daniel	—	—	—	—
Mr. Chu Siu Sum, Alex	—	—	—	—
Mr. Mok Chu Leung, Terry	—	—	—	—
Mr. Cheung Nap Kai	—	—	—	—
Mr. Chan Kin Mei, Stanley	—	208	5	213
	—	3,249	50	3,299
Year ended 31 March 2015				
Executive directors:				
Mr. Lau Wai Kwok	—	1,772	18	1,790
Ms. Lau Tsz Yan	—	1,157	18	1,175
Ms. So Cheuk Wah, Benton	—	502	17	519
Non-executive directors:				
Mr. Wong Chu Kee, Daniel	—	—	—	—
Mr. Chu Siu Sum, Alex	—	—	—	—
Mr. Mok Chu Leung, Terry	—	—	—	—
Mr. Cheung Nap Kai	—	—	—	—
Mr. Chan Kin Mei, Stanley	—	253	5	258
	—	3,684	58	3,742

	Fees HK\$'000	Salaries and other benefits HK\$'000	Contribution to defined contribution pension plans HK\$'000	Total HK\$'000
Six months ended 30 September 2014				
(Unaudited)				
Executive directors:				
Mr. Lau Wai Kwok	—	983	9	992
Ms. Lau Tsz Yan	—	612	9	621
Mr. So Cheuk Wah, Benton	—	278	9	287
Non-executive directors:				
Mr. Wong Chu Kee, Daniel	—	—	—	—
Mr. Chu Siu Sum, Alex	—	—	—	—
Mr. Mok Chu Leung, Terry	—	—	—	—
Mr. Cheung Nap Kai	—	—	—	—
Mr. Chan Kin Mei, Stanley	—	137	3	140
	—	2,010	30	2,040
Six months ended 30 September 2015				
Executive directors:				
Mr. Lau Wai Kwok	—	1,255	9	1,264
Ms. Lau Tsz Yan	—	629	9	638
Mr. So Cheuk Wah, Benton	—	349	9	358
Non-executive directors:				
Mr. Wong Chu Kee, Daniel	—	—	—	—
Mr. Chu Siu Sum, Alex	—	—	—	—
Mr. Mok Chu Leung, Terry	—	—	—	—
Mr. Cheung Nap Kai	—	—	—	—
Mr. Chan Kin Mei, Stanley	—	174	3	177
	—	2,407	30	2,437

(b) Five highest paid individuals

The five highest paid individuals of the Group included two directors for the years ended 31 March 2014 and 2015, and two and three directors for the six months ended 30 September 2014 and 2015 respectively whose emoluments are reflected in the analysis presented above for the Relevant Periods.

The analysis of the emoluments to the remaining three individuals for the years ended 31 March 2014 and 2015, and the remaining three and two individuals for the six months ended 30 September 2014 and 2015 respectively is set out below:

	Year ended 31 March		Six months ended 30 September	
	2014	2015	2014	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			(Unaudited)	
Salaries and allowances	1,548	1,949	1,037	736
Contribution to defined contribution pension plans	45	53	25	18
	1,593	2,002	1,062	754

Their remuneration fell within the following bands:

	Year ended 31 March		Six months ended 30 September	
	2014	2015	2014	2015
Nil to HK\$1,000,000	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>

During the Relevant Periods, no director or any of the highest-paid individuals waived or agreed to waive any emoluments. No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

12. DIVIDENDS

During the year ended 31 March 2014, an interim dividend in respect of the year ended 31 March 2013 of HK\$0.8 per ordinary share, or in aggregation of HK\$5,200,000 was paid by Expert HK to its then shareholders.

During the year ended 31 March 2015, an interim dividend in respect of the year ended 31 March 2014 of HK\$0.6908 per ordinary share, or in aggregation of HK\$4,490,000 was paid by Expert HK to its then shareholders.

During the six months ended 30 September 2015, an interim dividend in respect of the year ended 31 March 2015 of HK\$1.2308 per ordinary share, or in aggregation of HK\$8,000,000 was paid by Expert HK to its then shareholders.

13. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results for the Relevant Periods on a combined basis as described in Note 2 above.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements HK\$'000	Furniture & fixtures HK\$'000	Computer software and equipment HK\$'000	Total HK\$'000
At 1 April 2013				
Cost	481	—	1,339	1,820
Accumulated depreciation	<u>(466)</u>	<u>—</u>	<u>(998)</u>	<u>(1,464)</u>
Net book amount	<u>15</u>	<u>—</u>	<u>341</u>	<u>356</u>
Year ended 31 March 2014				
Opening net book amount	15	—	341	356
Additions	—	8	432	440
Depreciation	<u>(9)</u>	<u>(2)</u>	<u>(301)</u>	<u>(312)</u>
Closing net book amount	<u>6</u>	<u>6</u>	<u>472</u>	<u>484</u>
At 31 March 2014 and at 1 April 2014				
Cost	481	8	1,771	2,260
Accumulated depreciation	<u>(475)</u>	<u>(2)</u>	<u>(1,299)</u>	<u>(1,776)</u>
Net book amount	<u>6</u>	<u>6</u>	<u>472</u>	<u>484</u>

	Leasehold improvements <i>HK\$'000</i>	Furniture & fixtures <i>HK\$'000</i>	Computer software and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2015				
Opening net book amount	6	6	472	484
Additions	—	—	233	233
Depreciation	(6)	(3)	(256)	(265)
Closing net book amount	—	3	449	452
At 31 March 2015 and at 1 April 2015				
Cost	481	8	2,003	2,492
Accumulated depreciation	(481)	(5)	(1,554)	(2,040)
Net book amount	—	3	449	452
Six months ended 30 September 2015				
Opening net book amount	—	3	449	452
Additions	—	—	119	119
Depreciation	—	(1)	(140)	(141)
Closing net book amount	—	2	428	430
At 30 September 2015				
Cost	481	8	2,123	2,612
Accumulated depreciation	(481)	(6)	(1,695)	(2,182)
Net book amount	—	2	428	430

15. FINANCE LEASE RECEIVABLES

	As at 31 March 2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	As at 30 September 2015 <i>HK\$'000</i>
Current finance lease receivables	—	—	14
Non-current finance lease receivables	—	—	52
	—	—	66

Leasing arrangements

Certain of the group's equipments are leased out under finance leases. All leases are denominated in Hong Kong dollars. The average term of finance leases enter into is 5 years.

Amounts receivables under finance leases

	Minimum lease payments			Present value of minimum lease payments		
	As at 31 March		As at 30	As at 31 March		As at
	2014	2015	September	2014	2015	30 September
	HK\$'000	HK\$'000	2015 HK\$'000	HK\$'000	HK\$'000	2015 HK\$'000
Not later than one year	—	—	19	—	—	14
Later than one year and not later than five years	—	—	73	—	—	52
	—	—	92	—	—	66
Less: unearned finance income	—	—	(26)	—	—	—
Present value of minimum lease payments receivables	—	—	66	—	—	66

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately 8% per annum.

Finance lease receivable balances are secured over the equipment leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.

The finance lease receivables at the end of the reporting period are neither past due nor impaired.

16. INVENTORIES

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015 HK\$'000
Merchandise	2,165	2,700	1,994

During the year ended 31 March 2015, reversal of impairment loss on inventories of approximately HK\$4,000 (31 March 2014: provision of approximately HK\$5,000) has been recognised and included in cost of sale.

During the period ended 30 September 2015, reversal of impairment loss on inventories of approximately HK\$3,000 (30 September 2014: provision of approximately HK\$31,000) has been recognised and included in cost of sale.

17. TRADE RECEIVABLES

Group

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
Trade receivables, gross	37,186	55,070	46,223
Less: Provision for impairment	<u>(602)</u>	<u>(14)</u>	<u>(88)</u>
Trade receivables, net	36,584	55,056	46,135
Less: Non-current trade receivables	<u>(2,645)</u>	<u>(1,322)</u>	<u>(1,833)</u>
Current trade receivables	<u><u>33,939</u></u>	<u><u>53,734</u></u>	<u><u>44,302</u></u>

The credit period is generally 7 to 30 days.

(a) Ageing analysis

An ageing analysis of the Group's trade receivables as at the end of each of the Relevant Periods, net of impairment and based on invoice date, is as follows:

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
Within 1 month	15,916	20,275	18,862
More than 1 month but not more than 3 months	12,264	15,097	15,030
More than 3 months but not more than 6 months	2,935	14,387	7,240
More than 6 months but not more than a year	1,401	2,651	1,336
More than a year	<u>4,068</u>	<u>2,646</u>	<u>3,667</u>
	<u><u>36,584</u></u>	<u><u>55,056</u></u>	<u><u>46,135</u></u>

(b) Impairment of trade receivables

At the end of each of the Relevant Periods, the Group reviews receivables for evidence of impairment on both an individual and collective basis. Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. The movement in the allowance for impairment of trade receivables during each period is as follows:

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
At beginning of the year/period	8	602	14
Impairment loss recognised	594	—	74
Recovery of impairment loss previously recognised	<u>—</u>	<u>(588)</u>	<u>—</u>
At the end of the year/period	<u><u>602</u></u>	<u><u>14</u></u>	<u><u>88</u></u>

At 31 March 2015, the Group had determined HK\$14,000 (31 March 2014: HK\$602,000) of trade receivables as individually impaired. Based on this assessment, HK\$588,000 of impairment loss was reversed for the year ended 31 March 2015 (31 March 2014: HK\$594,000 of impairment loss was recognised).

At 30 September 2015, the Group had determined HK\$88,000 (30 September 2014: HK\$265,000) of trade receivables as individually impaired. Based on this assessment, HK\$74,000 of impairment loss was recognised for the six months ended 30 September 2015 (30 September 2014: HK\$337,000 of impairment loss was reversed).

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables.

An ageing analysis of the Group's trade receivables as at the end of each of the Relevant Periods that are not impaired is as follows:

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
Neither past due nor impaired	18,307	22,337	23,487
Not more than 3 months past due	15,534	24,524	17,255
3 to 6 months past due	1,037	5,550	4,318
More than 6 months but less than 12 months past due	1,706	2,645	1,075
	<u>36,584</u>	<u>55,056</u>	<u>46,135</u>

Trade receivables that were neither past due nor impaired relate to certain customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
Deposits	572	666	917
Other receivables	300	52	47
Prepayments	<u>4,172</u>	<u>4,426</u>	<u>5,338</u>
	<u>5,044</u>	<u>5,144</u>	<u>6,302</u>

The balances of other receivables are unsecured, interest-free and with no fixed repayment terms. The Group's other receivables were neither past due nor impaired as at 31 March 2014 and 2015, and 30 September 2015.

19. HELD-TO-MATURITY INVESTMENTS

Group

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
Listed bonds securities, Hong Kong	3,093	—	—

On 13 July 2012, the Group invested in the 2.38% Renminbi ("RMB") bonds issued by the Ministry of Finance of People's Republic of China at a nominal value of RMB2,490,000 (equivalent to HK\$3,093,000), bearing coupon interest rate of 2.38% per annum, and it was matured on 19 July 2014. On 19 July 2014, the bond in the principal amount of RMB2,490,000 (equivalent to HK\$3,093,000) with accrued interest amounting to approximately HK\$38,000 was fully redeemed by the issuer.

20. PLEDGED BANK DEPOSITS

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
Bank deposits for tenders of Hong Kong Government projects (note (a))	9,700	4,200	4,200
	9,700	4,200	4,200

Note:

- (a) As at 31 March 2015 and 30 September 2015, the bank deposit of HK\$4,200,000 (31 March 2014: HK\$9,700,000) was pledged to a bank for two tenders (31 March 2014: three tenders) from Government Logistics Department of Hong Kong as banker's guarantee. Such banker's guarantee amounted to HK\$4,200,000 (31 March 2014: HK\$9,700,000) and the banking facility granted to the Group amounted to HK\$10,800,000 (31 March 2014: HK\$10,800,000), of which HK\$6,600,000 was unutilised (31 March 2014: HK\$1,100,000). During the year ended 31 March 2015, bank deposit of HK\$5,500,000 was released since one of the projects is completed.

21. CASH AND CASH EQUIVALENTS

Group

Cash and cash equivalents represent cash at banks and in hand. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

Group

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
Trade payables	53,490	72,184	53,153

The credit period ranges from approximately 30 to 90 days.

An ageing analysis of the Group's trade payables as at the end of each of the Relevant Periods, based on invoice date, is as follows:

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
Within 1 month	23,666	26,513	20,022
More than 1 month but not more than 3 months	23,143	31,708	28,072
More than 3 months but not more than 6 months	6,170	13,163	4,003
More than 6 months but not more than a year	173	520	580
More than a year	338	280	476
	<u>53,490</u>	<u>72,184</u>	<u>53,153</u>

23. ACCRUALS, DEPOSITS RECEIVED AND OTHER PAYABLES

Group

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
Other payables and accrual expenses	2,055	2,149	2,203
Staff commission	3,533	4,533	3,742
Other deposits received	1,487	488	452
Customers' deposits received	<u>6,460</u>	<u>7,406</u>	<u>6,379</u>
	13,535	14,576	12,776
Less: Non-current other payables	<u>(556)</u>	<u>(556)</u>	<u>(556)</u>
	<u>12,979</u>	<u>14,020</u>	<u>12,220</u>

24. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

(a) Amount due from a related company

Group

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
ServiceOne Limited (note (i))	<u>770</u>	<u>—</u>	<u>—</u>

Notes:

- (i) Mr. Chu and Mr. Wong being directors of ServiceOne Limited, are also the directors of the Company.
- (ii) The amount due from a related company is unsecured, interest-free and repayable on demand.

	Maximum amounts outstanding during the year/period ended		
	Year ended 31 March		Six months ended
	2014	2015	30 September 2015
	HK\$'000	HK\$'000	HK\$'000
ServiceOne Limited	2,398	2,885	2,737
(b) Amounts due to related companies			

Breakdowns of amounts due to related parties are disclosed as follows:

	As at 31 March		As at
	2014	2015	30 September 2015
	HK\$'000	HK\$'000	HK\$'000
ServiceOne Limited	—	1,049	325
ServiceOne Technology Services Macau Limited (note (i))	—	230	161
China Expert Systems Limited (note (ii))	8	4,048	43
	<u>8</u>	<u>5,327</u>	<u>529</u>

Notes:

- (i) Mr. Wong being director of ServiceOne Technology Services Macau Limited, is also the director of the Company.
- (ii) The Controlling Shareholders and Ms. Wong being the Shareholders of the Company are also the shareholders of China Expert Systems Limited.
- (iii) The amounts due to related companies are unsecured, interest-free and repayable on demand.

25. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 18 September 2015 with an authorised share capital of HK\$100,000 divided into 10,000,000 ordinary shares of HK\$0.01 each. On the same date, one nil-paid ordinary share of HK\$0.01 was issued and transferred to Mr. Lau at nil consideration. Further details on the Company's share capital are set out in the sub-paragraph headed "A. Further information about our Company and the subsidiaries of our Group- 2. Changes in share capital of our Company" in Appendix IV to the Prospectus.

For the purpose of this report, the share capital of the Group as at 31 March 2014 and 2015 and 30 September 2015 represented the combined share capital of the entities now comprising the Group at the end of each of the Relevant Periods.

26. COMMITMENTS

Operating lease commitments — Group as lessee

The Group leased its warehouse and office property under operating lease arrangements which were negotiated for terms ranging from 1 to 3 years.

The total future minimum lease payments under non-cancellable operating leases are due as follows:

	As at 31 March		As at
	2014	2015	30 September
	HK\$'000	HK\$'000	2015
			HK\$'000
Not later than one year	3,104	4,622	5,164
Later than one year and not later than five years	<u>304</u>	<u>7,196</u>	<u>6,885</u>
	<u>3,408</u>	<u>11,818</u>	<u>12,049</u>

27. RELATED PARTY TRANSACTIONS

(a) Related party transactions

Save as disclosed elsewhere in the Financial Information, the Group had the following material transactions with related parties during the Relevant Periods:

		Year ended 31 March		Six months ended	
		2014	2015	30 September	
		HK\$'000	HK\$'000	2014	2015
				HK\$'000	HK\$'000
				(Unaudited)	
Nature of transactions					
ServiceOne Limited	Cost of sales —	314	1,759	257	138
	Purchase of goods				
ServiceOne Limited	Cost of sales —	2,110	1,794	941	1,189
	Outsourcing IT support				
	services	<u></u>	<u></u>	<u></u>	<u></u>
		<u>2,424</u>	<u>3,553</u>	<u>1,198</u>	<u>1,327</u>
ServiceOne Limited	Sales	257	174	91	504
ServiceOne Limited	Maintenance services	42	38	18	24
ServiceOne	Cost of sales —	156	984	597	561
Technology	Outsourcing IT support				
Services Macau	services				
Limited					
ServiceOne	Provision of marketing	360	300	—	—
Technology	services				
Services Macau					
Limited		<u></u>	<u></u>	<u></u>	<u></u>

(b) Compensation of key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the directors as disclosed in Note 11(a), is as follows:

	Year ended 31 March		Six months ended 30 September	
	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000 (Unaudited)	2015 HK\$'000
Salaries, allowances and benefits in kind	4,918	5,665	3,019	3,627
Retirement scheme contributions	<u>106</u>	<u>122</u>	<u>60</u>	<u>64</u>
	<u>5,024</u>	<u>5,787</u>	<u>3,079</u>	<u>3,691</u>

- (c) During the Relevant Periods, the Group and ServiceOne Limited entered into an arrangement to share certain office expenses ("Shared Office Expenses"), including staff costs of certain staffs, recruitment expenses, communication charges and office repair and maintenance expenses incurred by the Group. The Shared Office Expenses incurred during the years ended 31 March 2014 and 2015 and six months ended 30 September 2014 and 2015 were allocated based on the ratio of the staff headcount of the Group to that of ServiceOne Limited. Shared Office Expenses allocated to ServiceOne Limited for the years ended 31 March 2014 and 2015 were approximately HK\$2,636,000, HK\$2,966,000 respectively, and for the six months ended 30 September 2014 and 2015 were approximately HK\$1,546,000 and HK\$1,540,000 respectively.
- (d) During the Relevant Periods, the Group and ServiceOne Limited entered into an arrangement to share cleaning, sanitation and utilities expenses ("Shared Premises Expenses") incurred by the Group. The Shared Premises Expenses incurred during the years ended 31 March 2014 and 2015 and six months ended 30 September 2014 and 2015 were allocated based on the ratio of the office area occupied by the Group to that of ServiceOne Limited. Shared Premises Expenses allocated to ServiceOne Limited for the years ended 31 March 2014 and 2015 were approximately HK\$136,000, HK\$135,000 respectively, and for the six months ended 30 September 2014 and 2015 were approximately HK\$69,000 and HK\$62,000 respectively.
- (e) During the years ended 31 March 2014 and 2015 and six months ended 30 September 2014 and 2015, Expert HK and ServiceOne jointly entered into an operating lease agreement in respect of the office premise. Expert HK paid the operating lease payment and building management fee, and received reimbursements for certain expenses from ServiceOne Limited. The rental and building management fee incurred during the years ended 31 March 2014 and 2015 and six months ended 30 September 2014 and 2015 were allocated based on the ratio of the office area occupied by the Group to that of ServiceOne Limited. Rental and related expenses allocated to ServiceOne Limited for the years ended 31 March 2014 and 2015 were approximately HK\$3,465,000 and HK\$3,622,000 respectively, and for the six months ended 30 September 2014 and 2015 were approximately HK\$1,770,000 and nil respectively.

Since 1 April 2015, ServiceOne Limited has paid its operating lease expenses and building management fee in respect of its area of properties occupied directly to the landlord, and accordingly, there was no allocation of rental expenses between the Group and ServiceOne Limited afterwards.

28. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amounts presented in the combined statements of financial position relate to the following categories of financial assets and financial liabilities.

Group

	As at 31 March		As at
	2014	2015	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Financial assets			
Held-to-maturity investments	3,093	—	—
Loans and receivables:			
Trade receivables	36,584	55,056	46,135
Other receivables and deposits	872	718	964
Amounts due from related companies	770	—	—
Finance lease receivables	—	—	66
Pledged bank deposits	9,700	4,200	4,200
Cash and cash equivalents	<u>59,205</u>	<u>87,225</u>	<u>67,979</u>
	<u>110,224</u>	<u>147,199</u>	<u>119,344</u>
Financial liabilities			
Measured at amortised cost:			
Trade payables	53,490	72,184	53,153
Accruals, deposits received and other payables	12,979	14,020	12,220
Amounts due to related companies	<u>8</u>	<u>5,327</u>	<u>529</u>
	<u>66,477</u>	<u>91,531</u>	<u>65,902</u>
	<u>43,747</u>	<u>55,668</u>	<u>53,442</u>

29. Financial risk management

The Group's financial assets that derive directly from its operations are trade and other receivables, amounts due from related companies and cash and cash equivalents. Principal financial liabilities of the Group include trade and other payables and amounts due to related companies. The main purpose of these financial liabilities is to finance the Group's operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and currency risk. The Group does not enter into or trade financial instruments for speculative purposes.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders.

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its business.

The Group continuously monitors defaults of customers and other counterparties, identifies either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group has a certain concentration of credit risk, the balance due from the Group's largest customer amounted to nil, 14% and 7% of the total trade receivables at 31 March 2014 and 2015 and 30 September 2015, respectively. The balances due from the Group's five largest customers amounted to 13%, 32% and 15% of the total trade receivables at 31 March 2014 and 2015 and 30 September 2015, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 17. The credit risk for cash at bank is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

(b) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major banks and financial institutions to meet its liquidity requirements in the short and longer terms.

The liquidity policies have been followed by the Group during the Relevant Periods and are considered to have been effective in managing liquidity risks.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

	Carrying amount <i>HK\$'000</i>	Total contractual undiscounted cash flow <i>HK\$'000</i>	Within 1 year or on demand <i>HK\$'000</i>
At 31 March 2014			
Trade payables	53,490	53,490	53,490
Accruals, deposits received and other payables	12,979	12,979	12,979
Amounts due to related companies	8	8	8
	<u>66,477</u>	<u>66,477</u>	<u>66,477</u>
At 31 March 2015			
Trade payables	72,184	72,184	72,184
Accruals, deposits received and other payables	14,020	14,020	14,020
Amounts due to related companies	5,327	5,327	5,327
	<u>91,531</u>	<u>91,531</u>	<u>91,531</u>
At 30 September 2015			
Trade payables	53,153	53,153	53,153
Accruals, deposits received and other payables	12,220	12,220	12,220
Amounts due to related companies	529	529	529
	<u>65,902</u>	<u>65,902</u>	<u>65,902</u>

(c) Currency risk*Transactions in foreign currencies and the Group's risk management policies*

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong with most of the transactions denominated and settled in HK\$. The Group's exposure to foreign currency risk primarily arises from certain financial instruments including trade receivables, cash and cash equivalents and held-to-maturity investments which are denominated in RMB, MOP and USD. During the Relevant Periods, the Group has not adopted any hedging strategy in the long run but management continuously monitors the foreign exchange risk exposure on a case-by-case basis. The Group has not used any hedging contracts to engage in speculative activities.

Foreign currency denominated financial assets and liabilities, translated into HK\$ at the prevailing closing rates at the end of each of the Relevant Periods, are as follows:

Group

		HK\$'000	
	MOP	RMB	USD
At 31 March 2014			
Cash and cash equivalents	137	18,446	3,467
Held-to-maturity investments	—	3,093	—
	<u>137</u>	<u>21,539</u>	<u>3,467</u>
Overall net exposure	<u>137</u>	<u>21,539</u>	<u>3,467</u>
At 31 March 2015			
Cash and cash equivalents	412	27,469	1,707
Overall net exposure	<u>412</u>	<u>27,469</u>	<u>1,707</u>
At 30 September 2015			
Cash and cash equivalents	277	26,401	2,321
Overall net exposure	<u>277</u>	<u>26,401</u>	<u>2,321</u>

Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax (and retained earnings) and other components of combined equity in response to reasonably possible changes in the foreign exchange rates of RMB to which the Group has significant exposure at the end of the Relevant Periods.

	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained earnings
Group		HK\$'000
At 31 March 2014		
RMB	8%	1,723
RMB	(8)%	(1,723)
At 31 March 2015		
RMB	8%	2,198
RMB	(8)%	(2,198)
At 30 September 2015		
RMB	8%	2,112
RMB	(8)%	(2,112)

The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the assumed percentage changes in foreign exchange rates taking place at the beginning of the financial year and held constant throughout the Relevant Periods. The assumed changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next reporting date.

A reasonable change in foreign exchange rates for MOP and USD in the next twelve months is assessed to result in immaterial change in the Group's profit after tax, retained earnings and other components of equity.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions denominated in foreign currency. Nevertheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

(d) Fair value

The carrying amounts of the financial assets and financial liabilities carried at amortisation cost in the Financial Information approximate their fair values due to the relative short term maturity of these financial instruments.

30. CAPITAL MANAGEMENT

The Group's capital management objectives include:

- (i) to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for owners and benefits for other stakeholders;
- (ii) to support the Group's stability and growth; and
- (iii) to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder's returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

Management regards total equity attributable to owners of the Company as capital. The amount of capital as at 31 March 2014, 2015 and 30 September 2015 amounted to approximately HK\$49,978,000, HK\$ 61,087,000 and HK\$58,241,000 respectively.

31. LITIGATION

As of the reporting date, no member of our Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance is known to us to be pending or threatened against any member of our Group.

32. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 September 2015 and up to the date of this report, the following significant events have taken place:

- Pursuant to the resolutions of directors of Expert HK held on 30 October 2015, dividend of HK\$25,000,000 was declared to its then shareholders. The rates for dividend and the number of shares ranking for dividend are not presented as such information is not considered meaningful for the purpose of this report. The dividend was paid on 3 November 2015.
- On 15 March 2016, the authorised share capital of the Company was increased from HK\$100,000 divided into 10,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each.
- By a resolution passed in writing of the shareholders of the Company on 15 March 2016, conditional on, among others, the share premium account of the Company being credited as a result of the allotment and issue of the Placing Shares (as defined in the Prospectus) under the Placing (as defined in the Prospectus), the Company will allot and issue a total of 590,000,000 Shares, credited as fully paid at par, to the shareholders of the Company whose names appear on the register of members of the Company at 4:00 p.m. on 15 March 2016 (Hong Kong time) (or such other time and date as the Directors may direct) ("Record Date") in proportion to their then existing respective shareholdings on the Record Date.

33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or its subsidiaries in respect of any period subsequent to 31 March 2015.

Yours faithfully,

BDO Limited

Certified Public Accountants

Li Yin Fan

Practising Certificate Number P03113

Hong Kong

The information set forth in this appendix does not form part of the accountant's report prepared by BDO Limited, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with section headed "Financial Information" in this prospectus and the "Accountant's Report" set forth in Appendix I to this prospectus.

For illustrative purpose, only the unaudited pro forma financial information prepared in accordance with paragraph 7.31 of the GEM Listing Rules is set forth below to provide the prospective investors with further information on how the Placing might have affected the net tangible assets of the Group attributable to owners of the Company after the completion of the Placing.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted combined net tangible assets prepared on the basis of the notes set out below for the purpose of illustrating the effect of the issue of New Shares pursuant to the Placing on the net tangible assets of the Group attributable to owners of the Company as if the Placing had taken place on 30 September 2015. This unaudited pro forma statement of adjusted combined net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to owners of the Company had the Placing been completed as of 30 September 2015 or at any future dates.

	Audited combined net tangible assets attributable to the owners of the Company as at 30 September 2015 HK\$'000 (note 1)	Estimated net proceeds from the issue of New Shares pursuant to the Placing HK\$'000 (note 2)	Unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company HK\$'000	Unaudited pro forma adjusted combined net tangible assets per Share HK\$ (note 3)
Based on the Placing Price of HK\$0.2 per Share	<u>58,241</u>	<u>25,405</u>	<u>83,646</u>	<u>0.10</u>
Based on the Placing Price of HK\$0.3 per Share	<u>58,241</u>	<u>44,605</u>	<u>102,846</u>	<u>0.13</u>

Notes:

- (1) The audited combined net tangible assets of our Group attributable to owners of the Company as at 30 September 2015 is extracted from the Accountant's Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the placing of 200,000,000 new Shares pursuant to the Placing are based on the Placing Price of HK\$0.20 and HK\$0.30 per Share, being the low end and high end of the stated Placing Price range, respectively, after deduction of the Listing-related expenses to be incurred by the Group. No account has been taken into of the Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 800,000,000 Shares in issue immediately following the completion of the Capitalisation Issue and the Placing as set out in the section headed "Share Capital" in this prospectus. It does not take into account of any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix IV to this prospectus otherwise.
- (4) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 30 September 2015.
- (5) The unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company does not take into account the dividends of HK\$25.0 million declared by the Group to the then equity owners on 30 October 2015. Had the dividends been taken into account, the unaudited pro forma adjusted combined net tangible assets per Share would be HK\$0.07 (assuming a Placing Price of HK\$0.20 per Share) and HK\$0.10 (assuming a Placing Price of HK\$0.30 per Share), respectively.

**B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report received from the reporting accountant of the Company, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information.

30 March 2016

The Directors
Expert Systems Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Expert Systems Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma combined net tangible assets as at 30 September 2015, and related notes as set out in Appendix II on pages II-1 to II-2 of the prospectus issued by the Company (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Notes 2 to 4 in Section A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of proposed placing of shares and capitalisation issue of the Company on the Group's combined net tangible assets attributable to the owners of the Company as at 30 September 2015 as if the Placing had taken place on the same date. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the six months ended 30 September 2015, on which an accountant's report has been published.

Directors' responsibility for the Unaudited Pro Forma Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline ("AG") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Accountant's reporting responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information, in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the prospectus is solely to illustrate the impact of the listing of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction as at 30 September 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant’s judgment, having regard to the reporting accountant’s understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

BDO Limited

Certified Public Accountants

Li Yin Fan

Practising Certificate Number P03113

Hong Kong

Set out below is a summary of certain provisions of the Memorandum and the Articles and of certain aspects of the Cayman company law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 September 2015 under the Companies Law. The Memorandum and the Articles comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of our Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which our Company is established are unrestricted (including acting as an investment company), and that our Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that our Company is an exempted company that our Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of our Company carried on outside the Cayman Islands.
- (b) Our Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 15 March 2016. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and the Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as our Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and the Articles, any share may be issued on terms that, at the option of our Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of our Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in our Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither our Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of our Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of our Company or any of its subsidiaries. Our Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by our Company and which are not required by the Articles or the Companies Law to be exercised or done by our Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by our Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Financial assistance to purchase shares of our Company or its subsidiaries

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, our Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in our Company. There is no provision in the Articles that prohibits our Company from giving financial assistance for the purchase of shares of its subsidiaries.

(vi) Disclosure of interests in contracts with our Company or any of its subsidiaries

A Director may hold any other office or place of profit with our Company (except that of the auditor of our Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the Board may also cause the voting power conferred by the shares in any other company held or owned by our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with our Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to our Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the Board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his close associates (as defined in the Articles) is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of our Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of our Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s) as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vii) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of our Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of our Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The Board may establish or concur or join with other companies (being subsidiary companies of our Company or companies with which it is associated in business) in establishing and making contributions out of our Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or

other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with our Company or any of its subsidiaries) and ex-employees of our Company and their dependents or any class or classes of such persons.

The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(viii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing Board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of our Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in our Company by way of qualification.

A Director may be removed by an ordinary resolution of our Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and our Company) and the members may by ordinary resolution appoint another in his place at the meeting at which such Director is removed. Unless otherwise determined by our Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to our Company at the registered office of our Company for the time being or tendered at a meeting of the Board;

- (bb) if he becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the Board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law; or
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with our Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ix) Borrowing powers

The Board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of our Company and, subject to the Companies Law, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of our Company.

(x) Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(xi) *Register of Directors and officers*

The Companies Law and the Articles provide that our Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by our Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of our Company.

(c) Alteration of capital

Our Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as our Company in general meeting or as the Directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as our Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

Our Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of our Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles (see paragraph 2(i) below for further details).

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly

authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of our Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of our Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where our Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of our Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the Board.

(h) Accounts and audit

The Board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by the Companies Law or necessary to give a true and fair view of our Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of our Company except as conferred by law or authorised by the Board or our Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before our Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report,

shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of our Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), our Company may send to such persons summarised financial statements derived from our Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on our Company, demand that our Company sends to him, in addition to summarised financial statements, a complete printed copy of our Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by our Company in general meeting or in such manner as the members may determine.

The financial statements of our Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting must be called by notice of not less than twenty-one (21) clear days. All other general meetings (including an extraordinary general meeting) must be called by notice of at least fourteen (14) clear days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of our Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, and also to the auditors for the time being of our Company.

Notwithstanding that a meeting of our Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of our Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95.0%) of the total voting rights at the meeting of all the members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of our Company representing not more than twenty per cent (20.0%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of our Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the Board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The Board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which our Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to our Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspapers or by any other means in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for our Company to purchase its own Shares

Our Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of our Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of our Company to own shares in our Company and financial assistance to purchase shares of our Company

There are no provisions in the Articles relating to ownership of shares in our Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, our Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in our Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, our Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

The Articles provide dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared on the share capital of our Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. Our Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of our Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of our Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or our Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of our Company until claimed and our Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to our Company.

No dividend or other monies payable by our Company on or in respect of any share shall bear interest against our Company.

(n) Proxies

Any member of our Company entitled to attend and vote at a meeting of our Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of our Company or at a class meeting. A proxy need not be a member of our Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20.0%) per annum as the Board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced our Company may pay interest at such rate (if any) as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to our Company all monies which, at the date of forfeiture, were payable by him to our Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20.0%) per annum as the Board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.5 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.0 or such lesser sum specified by the Board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of our Company or at any relevant general meeting of any class of members of our Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of our Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if our Company shall be wound up and the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if our Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be

distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If our Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of our Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, our Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, our Company has not during that time received any indication of the existence of the member; and (iii) our Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to our Company and upon receipt by our Company of such net proceeds, it shall become indebted to the former member of our Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by our Company and our Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

Our Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, our Company's operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, our Company may give financial assistance to directors and employees of our Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in our Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, our Company may give financial assistance to a trustee for the acquisition of Shares in our Company or shares in any such subsidiary or holding company to be held for the benefit of employees of our Company, its subsidiaries, any holding company of our Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no

dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for our Company is for a period of twenty years from 13 October 2015.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of our Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of our Company. They will, however, have such rights as may be set out in the Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(n) Winding up

A company may be wound up compulsorily by order of the Court; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75.0%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90.0%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, our Company's special legal counsel on Cayman Islands law, have sent to our Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND THE SUBSIDIARIES OF OUR GROUP**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 18 September 2015. Our Company has established its principal place of business in Hong Kong at 17/F., AXA Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 19 November 2015. Mr. Lau has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the relevant laws and regulations of the Cayman Islands and its constitution which comprises the Memorandum and the Articles. A summary of the relevant laws and regulations of the Cayman Islands and of our Company's constitution is set out in Appendix III to this prospectus.

2. Changes in share capital of our Company**(a) Increase in authorised share capital**

The authorised share capital of our Company as at the date of incorporation, being 18 September 2015, was HK\$100,000.0 divided into 10,000,000 Shares.

Immediately following the incorporation of our Company, on 18 September 2015, the one subscriber Share was transferred, nil paid, to Mr. Lau.

On 15 March 2016, the authorised share capital of our Company was increased from HK\$100,000.0 divided into 10,000,000 Shares of HK\$0.01 each to HK\$100,000,000.0 divided into 10,000,000,000 Shares of HK\$0.01 each and the Capitalisation Issue was approved pursuant to the resolutions in writing of our Shareholders passed on 15 March 2016 referred to in paragraph 5 below and subject to the conditions contained therein.

Immediately following the completion of the Capitalisation Issue and the Placing, the authorised share capital of our Company will be HK\$100,000,000.0 divided into 10,000,000,000 Shares, of which 800,000,000 Shares will be issued fully paid or credited as fully paid, and 9,200,000,000 Shares will remain unissued.

Save as disclosed in this paragraph and the paragraph headed "3. Corporate reorganisation" in this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

(b) Founder shares

Our Company has no founder shares, management shares or deferred shares.

3. Corporate reorganisation

The companies comprising our Group underwent the Reorganisation to rationalise our Group's structure in preparation for the Listing. Please refer to the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" in this prospectus for further details.

4. Changes in share capital or registered capital of the subsidiaries of our Group

The subsidiaries of our Company are listed in the Accountant's Report set out in Appendix I to this prospectus.

Save as disclosed in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" in this prospectus, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the issue of this prospectus.

5. Resolutions in writing of our Shareholders passed on 15 March 2016

By resolutions in writing of our Shareholders passed on 15 March 2016:

- (a) our Company adopted the Articles;
- (b) the authorised share capital of our Company was increased from HK\$100,000.0 to HK\$100,000,000.0 by the creation of a further 9,990,000,000 Shares;
- (c) conditional on the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (the "**Approval**") and the Approval not being subsequently revoked prior to the commencement of dealings in the Shares on the Stock Exchange, and on the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any conditions thereof) and not being terminated in accordance with the terms of such agreement or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:
 - (i) the Placing was approved and our Directors were authorised to allot and issue the Placing Shares pursuant to the Placing on and subject to the terms and conditions of this prospectus and the Underwriting Agreement;
 - (ii) the rules of the Share Option Scheme were approved and adopted and our Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme, and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;

- (iii) conditional on the share premium account of our Company being credited as a result of the allotment and issue of the Placing Shares under the Placing or otherwise having sufficient balance, our Directors were authorised to allot and issue a total of 590,000,000 Shares, credited as fully paid at par, to the holders of Shares whose names appear on the register of members of our Company at 4:00 p.m. on 15 March 2016 (Hong Kong time) (or such other time and date as the Directors may direct) ("**Record Date**") (or to their respective nominees as they may direct) in proportion to their then existing respective shareholdings on the Record Date (save that no Shareholder shall be entitled to be allotted and issued any fraction of a Share) by way of capitalisation of the sum of HK\$5,900,000.0 standing to the credit of the share premium account of our Company, and the Shares be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then issued Shares and our Directors were authorised to effect the Capitalisation Issue;
- (iv) a general unconditional mandate was given to our Directors to allot, issue and deal with, otherwise than pursuant to rights issue, any scrip dividend scheme or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend on Shares in accordance with the Articles, or the Capitalisation Issue or the Placing, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20.0% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Placing (excluding any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme); and (bb) the aggregate nominal amount of any share capital of our Company purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first;
- (v) a general unconditional mandate was given to our Directors to exercise all powers of our Company to purchase Shares with an aggregate nominal amount of not exceeding 10.0% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Placing (excluding any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first; and
- (vi) the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to or in accordance with the authority granted to repurchase Shares referred to in sub-paragraph (v) above.

6. Repurchase by our Company of our own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of Shares) by a company listed on GEM must be approved in advance by an ordinary resolution of the Shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by the Shareholders on 15 March 2016, the Repurchase Mandate was given to our Directors authorising any repurchase by our Company of Shares on the GEM or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10.0% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Placing (excluding any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme), such mandate to expire at the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(b) Source of funds

Repurchases must be paid out of funds legally available for the purpose in accordance with the Memorandum and Articles, the GEM Listing Rules and the Companies Law. A listed company may not repurchase its own securities on GEM for a consideration other than in cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the laws of the Cayman Islands, any repurchases by our Company may be made out of profits of our Company, out of our Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Memorandum and Articles and subject to the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of profits or from sums standing to the credit of the share premium account of our Company or, if authorised by the Memorandum and Articles and subject to the Companies Law, out of capital.

(c) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands. On the basis of the current financial position of our

Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, currently intends to sell any Shares to our Company or its subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Memorandum and Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No core connected person (as defined in the GEM Listing Rules) of our Company has notified our Company that he/she/it has a present intention to sell his/her/its Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

7. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Company or any of the subsidiaries of our Company within the two years preceding the date of this prospectus and are or may be material:

- (a) an agreement for the assignment of quotas dated 13 October 2015 made between Expert BVI and Expert HK as purchasers and China Expert and Mr. Chu as vendors for the entire registered capital of Expert Macau at the total consideration of HK\$863,185.0;
- (b) a share purchase agreement dated 9 November 2015 made among China Expert as vendor, Expert BVI as purchaser and our Controlling Shareholders and Ms. Wong as warrantors for the acquisition of the entire issued share capital of Expert HK at a consideration of HK\$60,007,868.0, which was satisfied by (i) the crediting of the one nil-paid Share registered in the name of Mr. Lau; and (ii) the allotment and issue, credited as fully paid at par, 9,857,999 Shares by our Company to Mr. Chu, Mr. Cheung, Mr. Mok, Mr.

Lau, Mr. Wong and Ms. Wong (as to 3,943,200 Shares to Mr. Chu, 1,725,150 Shares to Mr. Cheung, 1,725,150 Shares to Mr. Mok, 985,799 Shares to Mr. Lau, 985,800 Shares to Mr. Wong and 492,900 Shares to Ms. Wong);

- (c) a deed of indemnity dated 15 March 2016 executed by our Controlling Shareholders in favour of our Company for itself and as trustee for its subsidiaries stated therein containing the indemnities more particularly referred to in the paragraph headed “12. Estate duty, tax and other indemnities” in this Appendix;
- (d) a deed of non-competition dated 15 March 2016 executed by our Controlling Shareholders in favour of our Company for itself and as trustee for the other members of our Group, details of which are set out in the section headed “Relationship with Controlling Shareholders” in this prospectus; and
- (e) the Underwriting Agreement.

8. Intellectual property rights

(a) Registered trademark

As at the Latest Practicable Date, we have registered the following trademark:

Mark	Registered owner	Place of registration	Registration number	Class	Specification of the goods/ services applied for	Duration of validity
	Expert Systems Limited	Hong Kong	200211195	42	Note 1	09/02/2002 to 09/02/2019

Note 1: The goods/services applied for under the trademark include computer services; consultation and advice regarding computer hardware, software, peripherals, systems, networks, computer security and integrated circuit design; software and network design services; computer recovery planning and data recovery services; computer diagnostic services; and integration of computer systems and computer networks.

(b) Domain names

As at the Latest Practicable Date, we have registered the following domain names:

Domain name	Commencement date	Expiry date
www.expertsystems.com.hk	02/07/2013	05/07/2017
www.expertsystems.com.mo	31/07/2013	31/07/2017

Save as aforesaid, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material in relation to our Group's business.

C. FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS**9. Directors****(a) Disclosure of interests of Directors**

- (i) Mr. Chu, Mr. Lau, Mr. Mok, Mr. Cheung, Mr. Wong and Mr. Chan were interested in the Reorganisation. For details of the Reorganisation, please refer to the paragraph "Reorganisation" in the section headed "History, Reorganisation and Group Structure" in this prospectus.
- (ii) Save as disclosed in this prospectus, none of our Directors or their respective associates was engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) Particulars of Directors' service agreements or letters of appointment**(i) Executive Directors**

Each of Mr. Lau, Ms. Lau and Mr. So has entered into a service agreement with our Company pursuant to which he/she agreed to act as an executive Director for a term of three years commencing on 15 March 2016.

Pursuant to their respective service agreements, Mr. Lau, Ms. Lau and Mr. So are entitled to a monthly salary of HK\$69,500.0, HK\$41,000.0 and HK\$26,000.0, respectively and performance bonuses which are determined by our Group.

(ii) Non-executive Directors

Each of Mr. Chu, Mr. Mok, Mr. Cheung, Mr. Wong and Mr. Chan has entered into a letter of appointment with our Company pursuant to which he agreed to act as a non-executive Director for a term of three years commencing on 15 March 2016. Each of Mr. Chu, Mr. Mok and Mr. Cheung is not entitled to any Director's fee. Each of Mr. Wong and Mr. Chan is entitled to an annual Director's fee of HK\$150,000.0. Save for being eligible to participate in any bonus schemes or other benefits of the kind available to our executive Directors, all of which at the discretion of our Board, and Director's fees, none of our non-executive Directors is expected to receive any other remuneration for holding his office as a non-executive Director.

(iii) Independent non-executive Directors

Each of Mr. Au, Mr. Chung, Mr. Ko and Mr. Mak has entered into a letter of appointment with our Company pursuant to which he agreed to act as an independent non-executive Director for a term of three years commencing on 15 March 2016. Each of Mr. Au, Mr. Chung, Mr. Ko and Mr. Mak is entitled to an annual Director's fee of HK\$150,000.0. Save for Directors' fees, none of our independent non-executive Directors is expected to receive any other remuneration, for holding his office as an independent non-executive Director.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with our Company or any of the subsidiaries of our Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(c) Remuneration of Directors

- (i) The aggregate emoluments paid by our Group to our Directors in respect of the financial year ended 31 March 2015 were approximately HK\$3,742,000.0.
- (ii) Under the arrangements currently in force, the aggregate emoluments (excluding performance bonuses) payable by our Group to our Directors (including our non-executive Directors and independent non-executive Directors (in their respective capacity as directors)) for the year ending 31 March 2016 are expected to be approximately HK\$4,029,000.0.
- (iii) None of our Directors or any past directors of any members of our Group has been paid any sum of money for each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015 as (1) an inducement to join or upon joining our Company; or (2) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any members of our Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the two years ended 31 March 2014 and 2015 and the six months ended 30 September 2015.
- (v) The remuneration of our Directors was determined by reference to their qualification, experience and duties and responsibilities with our Group and prevailing market rate.

(d) *Interests and short positions of our Directors in the shares, underlying shares or debentures of our Company and associated corporations immediately upon completion of the Capitalisation Issue and the Placing*

Immediately upon completion of the Capitalisation Issue and the Placing (without taking into account of any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme), the interests or short positions of our Directors in the shares, underlying shares or debentures of our Company and associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to notify our Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, will be as follows:

Long positions

Name of Director	Name of Group member/ associated corporation	Capacity	Total number of Shares	Approximate percentage of interest
Mr. Chu	Our Company	Beneficial owner	226,380,000 Shares	28.3%
Mr. Lau	Our Company	Beneficial owner	96,900,000 Shares	12.1%
Mr. Mok	Our Company	Beneficial owner	91,800,000 Shares	11.5%
Mr. Cheung	Our Company	Beneficial owner	89,760,000 Shares	11.2%
Mr. Wong	Our Company	Beneficial owner	51,300,000 Shares	6.4%
Mr. Chan	Our Company	Beneficial owner	6,720,000 Shares	0.8%

10. Interest discloseable under the SFO and substantial Shareholders

So far as our Directors are aware, immediately upon completion of the Capitalisation Issue and the Placing (without taking into account of any Shares which may be taken up under the Placing and any Shares which may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme), other than a Director or chief executive of our Company whose interests are disclosed under the sub-paragraph headed “Interests and short positions of our Directors in the shares, underlying shares or debentures of our Company and associated corporations immediately upon completion of the Capitalisation Issue and the Placing” above, the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will directly or indirectly, be interested in 10.0% or more of the issued voting shares of any member of our Group:

Long positions

Name of Shareholder	Capacity	Total number of Shares	Approximate percentage of interest
Ms. Luk Yuen Wah Nancy	Interest of spouse	226,380,000 Shares (Note 1)	28.3%
Ms. Keung Lai Wa Dorathy Linndia	Interest of spouse	96,900,000 Shares (Note 2)	12.1%
Ms. Yan Yihong	Interest of spouse	91,800,000 Shares (Note 3)	11.5%
Ms. Tuen Chi Keung	Interest of spouse	89,760,000 Shares (Note 4)	11.2%
Ms. Lee Kit Ling Monita	Interest of spouse	51,300,000 Shares (Note 5)	6.4%

Notes:

1. Ms. Luk Yuen Wah Nancy, the spouse of Mr. Chu, is deemed to be interested in all the Shares in which Mr. Chu is interested by virtue of the SFO.
2. Ms. Keung Lai Wa Dorathy Linndia, the spouse of Mr. Lau, is deemed to be interested in all the Shares in which Mr. Lau is interested by virtue of the SFO.
3. Ms. Yan Yihong, the spouse of Mr. Mok, is deemed to be interested in all the Shares in which Mr. Mok is interested by virtue of the SFO.
4. Ms. Tuen Chi Keung, the spouse of Mr. Cheung, is deemed to be interested in all the Shares in which Mr. Cheung is interested by virtue of the SFO.
5. Ms. Lee Kit Ling Monita, the spouse of Mr. Wong, is deemed to be interested in all the Shares in which Mr. Wong is interested by virtue of the SFO.

11. Disclaimers

Save as disclosed in this prospectus:

- (a) our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately upon completion of the Capitalisation Issue and the Placing (without taking into account of any Shares which may be taken up under the Placing and any Shares which may be allotted and issued upon exercise of options that may be granted under the Share Option Scheme), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10.0% or more of the issued voting shares of any member of our Group;
- (b) none of our Directors has any interest or short position in any of the shares, underlying shares or debentures of our Company or any associated corporations within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to Rule 5.46 to Rule 5.67 of the GEM Listing Rules, in each case once the Shares are listed;
- (c) none of our Directors nor any of the parties listed in the paragraph headed “18. Qualifications of experts” in this Appendix has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of the subsidiaries of our Company, or are proposed to be acquired or disposed of by or leased to our Company or any of the subsidiaries of our Company;
- (d) none of our Directors nor any of the parties listed in the paragraph headed “18. Qualifications of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group; and
- (e) save in connection with the Underwriting Agreement, none of the parties listed in the paragraph headed “18. Qualifications of experts” in this Appendix:
 - (i) is interested legally or beneficially in any securities of any member of our Group; or
 - (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. SHARE OPTION SCHEME**(a) Summary of terms**

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by an ordinary resolution in writing passed by all Shareholders on 15 March 2016:

(i) Purpose of the scheme

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme will enable our Group to reward our employees, our Directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the GEM Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(ii) Who may join

Our Directors (which expression shall, for the purpose of the section headed “D. Share Option Scheme” in this Appendix, include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (aa) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of our Company, any of its subsidiaries or any entity (“**Invested Entity**”) in which any member of our Group holds any equity interest;
- (bb) any directors (including non-executive directors and independent non-executive directors) of our Company, any of its subsidiaries or any Invested Entity;
- (cc) any supplier of goods or services to any member of our Group or any Invested Entity;
- (dd) any customer of any member of our Group or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (ff) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (gg) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of the Directors has contributed or will contribute to the growth and development of any member of our Group; and

- (hh) any other group or class of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group,

and, for the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of participants shall not, by itself, unless our Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to his/her contribution to the development and growth of our Group.

(iii) Maximum number of Shares

- (aa) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by our Group shall not exceed 30.0% of the Shares in issue from time to time.
- (bb) The initial total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10.0% of the Shares in issue as at the time dealings in the Shares first commence on the GEM ("**General Scheme Limit**") (i.e. 80,000,000 Shares).
- (cc) Subject to (aa) above but without prejudice to (dd) below, our Company may issue a circular to the Shareholders and seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group must not exceed 10.0% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by our Company to the Shareholders shall contain, among other information, the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.
- (dd) Subject to (aa) above and without prejudice to (cc) above, our Company may seek separate Shareholders' approval in general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (cc) above to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a general description of the specified participants, the

number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

- (ee) If our Company conducts a share consolidation or subdivision after the General Scheme Limit, or if applicable, the extended limit referred to in (cc) above, has been approved in general meeting, the maximum number of Shares that may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes of the Group under the General Scheme Limit, or if applicable, the extended limit referred to in (cc) above, as a percentage of the total number of issued Shares on the date immediately before and after such consolidation or subdivision shall be the same.

(iv) *Maximum entitlement of each participant*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1.0% of the Shares in issue for the time being ("**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of our Company with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 23.03(9) of the GEM Listing Rules.

(v) *Grant of options to connected persons*

- (aa) Any grant of options under the Share Option Scheme to a Director, chief executive or substantial Shareholder of our Company or any of their respective associates (as defined under the GEM Listing Rules) must be approved by the independent non-executive Directors of our Company (excluding any independent non-executive Director who or whose associate is the proposed grantee of an option).
- (bb) Where any grant of options to a substantial Shareholder or an independent non-executive Director of our Company or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5.0 million;

such further grant of options must be approved by our Shareholders in general meeting. Our Company must send a circular to the Shareholders. The grantee of the options, his associates and all core connected persons of our Company must abstain from voting at such general meeting. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial Shareholder or an independent non-executive Director of our Company or any of their respective associates must be approved by the Shareholders in general meeting. The grantee of the options, his associates and all core connected persons of our Company must abstain from voting at such general meeting.

(vi) Time of acceptance and exercise of option

An offer of the grant of an option under the Share Option Scheme may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme (or such other terms as may be imposed by our Directors which are fair and reasonable and not inconsistent with the Share Option Scheme and the GEM Listing Rules) at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on the date upon which the offer of the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) Performance targets

Unless our Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) Subscription price for Shares and consideration for the option

The subscription price for Shares under the Share Option Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

A nominal consideration of HK\$1.0 is payable on acceptance of the grant of an option.

(ix) Ranking of Shares

- (aa) Shares allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles and will rank pari passu in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members ("**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record

date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of our Company as the holder thereof.

- (bb) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of our Company from time to time.

(x) Restrictions on the time of grant of options

For so long as the Shares are listed on GEM, no offer of the grant of options shall be made after inside information (as defined in the SFO) has come to our Company's knowledge until our Company has announced the information. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the meeting of our Directors (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and (bb) the deadline for our Company to publish announcements of its results for any year, half-year or quarter-year period under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the relevant announcement of the results, no offer of the grant of options may be made.

Our Directors may not grant any option to a participant who is a Director during the periods or time in which our Directors are prohibited from dealing in Shares pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(xi) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) Rights on ceasing employment

If the grantee of an option is an employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of our Company, its subsidiary or any Invested Entity (“**Eligible Employee**”) and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for termination of his employment on the grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation or termination, which will be taken to be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not.

(xiii) Rights on death, ill-health or retirement

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement (all evidenced to the satisfaction of our Directors) in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not.

(xiv) Rights on dismissal

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of persistent or serious misconduct, or has become insolvent, bankrupt or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group or any Invested Entity into disrepute), his option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

(xv) Rights on breach of contract

If our Directors shall at their absolute discretion determine that (aa) (1) the grantee of any option (other than an Eligible Employee) has committed any breach of any contract entered into between the grantee on the one part and our Group or any Invested Entity on the other part; or (2) the grantee has become insolvent or bankrupt or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of his relations with our Group or by any other reason whatsoever; and (bb) the option granted to the grantee under the Share Option Scheme shall lapse as a result of any event specified in sub-paragraphs (xv)(aa)(1) to (3) above, his option will lapse automatically and will not in any event be exercisable on or after the date on which our Directors have so determined.

(xvi) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner, is made to all the holders of the Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, a grantee shall, notwithstanding any other terms on which his option was granted, be entitled to exercise his option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(xvii) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(xviii) Grantee being a company wholly-owned by eligible participants

If the grantee is a company wholly-owned by one or more eligible participants:

- (i) sub-paragraphs (xii), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, *mutatis mutandis*, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xii), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant; and
- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly-owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of a capitalisation of profits or reserves, rights issue, subdivision or consolidation of Shares or reduction of capital of our Company whilst an option remains exercisable or the Share Option Scheme remains in effect, such corresponding alterations (if any) certified by the auditors for the time being of or an independent financial adviser to our Company as fair and reasonable will be made either generally or as regards any particular grantee, to the number or nominal amount of Shares, the subject matter of the Share Option Scheme and the option so far as unexercised, and/or the option price of the option concerned, and/or the number of Shares comprised in an option or which remain comprised in an option, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he would have been entitled had he exercised all the options held by him immediately prior to such alteration; (ii) the issue of Shares or other securities of our Group as consideration in a transaction shall not be regarded as a circumstance requiring adjustment; (iii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and (iv) any adjustment to be made to the exercise price of, and/or the number of shares subject to, any options to be granted under the Share Option Scheme must be made in compliance with Chapter 23 the GEM Listing Rules, the supplemental guidance issued on 5 September 2005 and any future guidance/interpretation of the GEM Listing Rules issued by

the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provision of the GEM Listing Rules.

(xx) Cancellation of options

Any cancellation of options granted but not exercised must be subject to the written consent of the relevant grantee and the approval of our Directors.

When our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding, for this purpose, the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant sub-paragraph (iii) (cc) or (dd) above.

(xxi) Termination of the Share Option Scheme

Our Company may by an ordinary resolution in general meeting at any time terminate the operation of the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) Rights are personal to the grantee

An option and an offer to grant an option are personal to the grantee and shall not be transferable or assignable.

(xxiii) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of (aa) the expiry of the option period in respect of such option; (bb) the expiry of the periods or dates referred to in paragraphs (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii); or (cc) the date on which our Directors exercise our Company's right to cancel the option by reason of a breach of paragraph (xxii) above by the grantee in respect of that option or any other option.

(xxiv) Others

(aa) The Share Option Scheme shall take effect subject to and is conditional upon:

- (i) the Stock Exchange granting the listing of, and permission to deal in, such number of Shares representing the General Scheme Limit to be allotted and issued by our Company pursuant to the exercise of the options in accordance with the terms and conditions of the Share Option Scheme;
- (ii) the passing of the necessary resolution to approve and adopt the Share Option Scheme in general meeting or by way of written resolution of the Shareholder(s);

- (iii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver(s) of any conditions by the Underwriters) and not being terminated in accordance with its terms or otherwise; and
 - (iv) the commencement of dealings in the Shares on GEM.
- (bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of grantees of the options except with the prior approval of an ordinary resolution by the Shareholders in general meeting.
- (cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (dd) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.
- (ee) Any change to the authority of our Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders in general meeting.

(b) Present status of the Share Option Scheme

(i) Application for approval

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(ii) Grant of option

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(iii) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

E. OTHER INFORMATION**12. Estate duty, tax and other indemnities**

Each of our Controlling Shareholders (collectively the “**Indemnifiers**”) have entered into a deed of indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being the material contract referred to in sub-paragraph (c) in the paragraph headed “7. Summary of material contracts” in this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong)) to any member of our Group on or before the date on which the conditions stated in the paragraph headed “Conditions of the Placing” in the section headed “Structure and Conditions of the Placing” in this prospectus are fulfilled (the “**Effective Date**”). Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in the Cayman Islands, BVI and Macau.

Under the deed of indemnity, the Indemnifiers have also given indemnities to our Group on a joint and several basis in relation to taxation (which includes estate duty) in whatever part of the world which might be payable by any member of our Group in respect of, among other matters, any income, profits or gains, transactions, events, matters or things earned, accrued, received or entered into (or deemed to be so earned, accrued, received or entered into) on or before the Effective Date.

The deed of indemnity does not cover any claim and the Indemnifiers shall be under no liability under the deed of indemnity in respect of any taxation:

- (a) to the extent that provision has been made for such taxation in the audited accounts of our Company or any of its subsidiaries up to 30 September 2015; or
- (b) to the taxation falling on any member of our Group in respect of their accounting periods or any accounting period commencing on or after 1 October 2015 unless liability for such taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) with the prior written consent or agreement of the Indemnifiers other than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before 30 September 2015; or
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before 30 September 2015 or pursuant to any statement of intention made in this prospectus; or
- (c) to the extent that such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other relevant authority coming into force after the Effective Date or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect; or

- (d) to the extent of any provision or reserve made for taxation in the audited accounts of any member of our Group up to 30 September 2015 which is finally established to be an over-provision or an excessive reserve, in which case the liability of the Indemnifiers (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to the deed of indemnity to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Under the deed of indemnity, the Indemnifiers have also undertaken to fully indemnify, on a joint and several basis, any member of our Group against any fines, penalties, losses, damages, liabilities, fees, costs, expenses, demands, claims, proceedings, actions (including without limitation any legal costs) and taxation which any member of our Group may suffer, sustain or incur or which may be commenced, brought or instituted against any member of our Group arising from, in connection therewith, or as a result of any non-compliance with applicable laws, rules or regulations by any member of our Group on or before the Effective Date.

13. Litigation

No member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on our Group's results of operations or financial condition of our Group.

14. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$43,000.0 and are payable by our Company.

15. Promoter

- (a) Our Company has no promoter for the purpose of the GEM Listing Rules.
- (b) Within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to any promoters in connection with the Placing or the related transactions described in this prospectus.

16. Agency fees or commissions received

The Underwriters will receive a commission of 4.0% of the aggregate Placing Price of all the Placing Shares, out of which the Underwriters may pay any sub-underwriting commissions and placing commission in connection with the Placing. The Sponsor will also receive documentation fee. The underwriting commission, together with the Stock Exchange listing fees, the Stock Exchange trading fees, the SFC transaction levy, advisory fee, documentation fee, legal and other professional fees, printing and other expenses relating to the Placing are currently estimated to be approximately HK\$17.8 million in aggregate (based on the mid-point of our indicative price range for the Placing, being HK\$0.25 per Placing Share), which will be payable by our Company.

17. Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules.

18. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualification
BOSC International Company Limited	a corporation licensed by the SFC to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
BDO Limited	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Gary C. C. Leung	Barrister-at-law of Hong Kong
Ipsos Limited	Industry consultant

19. Consents of experts

Each of the Sole Sponsor, BDO Limited, Conyers Dill & Pearman, the Legal Counsel and Ipsos Limited has given and has not withdrawn his/its written consent to the issue of this prospectus with the inclusion of his/its report (or extracts thereof) and/or letter and/or summary of opinion (as the case may be) and the references to his/its name or summaries of opinions included herein in the form and context in which they respectively appear.

None of the experts named in the paragraph headed “18. Qualifications of experts” in this Appendix has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group save that the Sole Sponsor, which is also one of the Underwriters, may be required to perform its underwriting obligation in respect of the Placing Shares.

20. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

21. Taxation of holders of Shares

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Placing can accept responsibility for any tax effect on, or liabilities of, the holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Under present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty so long as our Company does not hold interests in land in the Cayman Islands.

22. No material adverse change

Save for the impact of the Listing-related expenses as disclosed in the paragraph headed "Listing-Related Expenses" in the section headed "Financial Information" in this prospectus and the decline in our financial performance for the four months ended 31 January 2016 as disclosed in the paragraph headed "Recent Development and No Material Adverse Change" in the section headed "Financial Information" in this prospectus, our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 September 2015 (being the date to which the latest audited combined financial statements of our Group were made up) up to the date of this prospectus.

23. Miscellaneous

Save as disclosed in this prospectus:

- (a) within the two years preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or of any of the subsidiaries of our Company has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or the subsidiaries of our Company; and
 - (iii) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of the subsidiaries of our Company; and

- (b) no share or loan capital of our Company or any of the subsidiaries of our Company is under option or is agreed conditionally or unconditionally to be put under option.

24. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) written consents referred to in the paragraph headed “19. Consents of experts” in Appendix IV to this prospectus; and
- (b) copies of the material contracts referred to in the paragraph headed “7. Summary of material contracts” in Appendix IV to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of Leung & Lau at Units 7208–10, 72/F., The Center, 99 Queen’s Road C., Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles of Association;
- (b) the Accountant’s Report prepared by BDO Limited, the text of which is set out in Appendix I to this prospectus;
- (c) the report on the unaudited pro forma financial information of our Group prepared by BDO Limited, the text of which is set out in Appendix II to this prospectus;
- (d) the Ipsos Report issued by Ipsos Limited, the extracts of which are set out in the section headed “Industry Overview” in this prospectus;
- (e) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;
- (f) the letter of advice prepared by our Legal Counsel;
- (g) the material contracts referred to in the paragraph headed “7. Summary of material contracts” in Appendix IV to this prospectus;
- (h) the written consents referred to in the paragraph headed “19. Consents of experts” in Appendix IV to this prospectus;
- (i) the service contracts referred to in sub-paragraph (b) in the paragraph headed “9. Directors” in Appendix IV to this prospectus;
- (j) the rules of the Share Option Scheme; and
- (k) the Companies Law.

EXPERT SYSTEMS HOLDINGS LIMITED
思博系統控股有限公司