



In Technical Productions Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8446

SHARE OFFER

Sole Sponsor



Shenwan Hongyuan Capital (H.K.) Limited

申萬宏源融資(香港)有限公司

Sole Bookrunner and Sole Lead Manager



Pacific Foundation Securities Limited

IMPORTANT

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



In Technical Productions Holdings Limited

(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 SHARE OFFER

Number of Offer Shares	: 200,000,000 Shares
Number of Hong Kong Offer Shares	: 20,000,000 Shares (subject to reallocation)
Number of Placing Shares	: 180,000,000 Shares (subject to reallocation)
Offer Price	: HK\$0.3 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars)
Nominal Value	: HK\$0.01 per Share
Stock Code	: 8446

Sole Sponsor



Shenwan Hongyuan Capital (H.K.) Limited

申萬宏源融資(香港)有限公司

Sole Bookrunner and Sole Lead Manager



**Pacific
Foundation**

Pacific Foundation 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 section headed "Documents delivered to the Registrar of Companies in Hong Kong and available for inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

Prior to making investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Offer Shares should note that the Sole Lead Manager is entitled to terminate the Underwriting Agreements by giving a notice in writing to our Company if certain circumstances arise prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such circumstances are set out in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Grounds for termination" in this prospectus. It is important that you carefully read that section for further details.

The Offer Shares have not been and will not be registered under the US Securities Act and may not be offered, sold, pledged, or transferred within the United States or to, or for the account or benefit of, US persons, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the US Securities Act.

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 of the Stock Exchange 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 Stock Exchange's website at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE

If there is any change in the following expected timetable of the Share Offer, we will issue an announcement in Hong Kong to be posted on the website of our Company at www.intechproductions.com and the website of the Stock Exchange at www.hkexnews.hk.

Latest time for completing electronic applications under
the **HK eIPO White Form** service through the designated
website at www.hkeipo.hk (Note 2) 11:30 a.m. on Monday, 5 June 2017

Application lists of the Hong Kong Public
Offering open (Note 3) 11:45 a.m. on Monday, 5 June 2017

Latest time for lodging **WHITE** and **YELLOW**
Application Forms and to give electronic
application instructions to HKSCC (Note 4) 12:00 noon on Monday, 5 June 2017

Latest time to complete payments for **HK eIPO White Form**
applications by effecting internet banking transfer
or PPS payment transfer 12:00 noon on Monday, 5 June 2017

Application lists of the Hong Kong Public
Offering close (Note 3) 12:00 noon on Monday, 5 June 2017

Announcement of (i) the level of indications
of interest in the Placing; (ii) the level of applications
in the Hong Kong Public Offering; and (iii) the basis of
allotment of the Hong Kong Offer Shares under the Hong Kong
Public Offering to be published on the website of our
Company at www.intechproductions.com and the website
of the Stock Exchange at www.hkexnews.hk Tuesday, 13 June 2017

Results of allocation in the Hong Kong Public Offering
will be available at www.tricor.com.hk/ipo/result with a
“search by ID Number” function from Tuesday, 13 June 2017

Announcement of results of allotment of the Hong Kong Public Offering
(with successful applicants’ identification document numbers,
where applicable) available through a variety of channels as
described in the paragraph headed “How to apply for the
Hong Kong Offer Shares — 11. Publication of results”
in this prospectus from Tuesday, 13 June 2017

Despatch/Collection of share certificates in respect of wholly
or partially successful applications pursuant to the Hong Kong
Public Offering on or before (Notes 5 to 7) Tuesday, 13 June 2017

EXPECTED TIMETABLE

Despatch/Collection of the HK eIPO White Form e-Auto Refund
payment instructions and refund cheques in respect of wholly or
partially unsuccessful applications pursuant to the Hong Kong
Public Offering on or before (*Notes 6 to 8*) Tuesday, 13 June 2017

Dealings in the Shares on GEM to commence on 9:00 a.m. on Wednesday, 14 June 2017

Notes:

1. All dates and times refer to Hong Kong local dates and times, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure of the Share Offer” in this prospectus.
2. You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 5 June 2017, the application lists will not open or close on that day. Further information is set forth in the paragraph headed “How to apply for the Hong Kong Offer Shares — 10. Effect of bad weather on the opening and closing of the application lists” in this prospectus.
4. Applicants who apply for the Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the paragraph headed “How to apply for the Hong Kong Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
5. Share certificates for the Hong Kong Offer Shares are expected to be issued on Tuesday, 13 June 2017 but will only become valid certificates of title at 8:00 a.m. on Wednesday, 14 June 2017 provided that (i) the Share Offer has become unconditional in all respects and (ii) none of the Underwriting Agreements has been terminated. If the Share Offer does not become unconditional or any of the Underwriting Agreements is terminated, we will make an announcement as soon as possible.
6. Applicants who have applied on **WHITE** Application Forms or through **HK eIPO White Form** service for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering may collect their refund cheques and share certificates (as applicable) in person from our Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 13 June 2017. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing a letter of authorization from their corporation stamped with the corporation’s chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to our Hong Kong Share Registrar.
7. Applicants who apply with **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares under the Hong Kong Public Offering may collect their refund cheques (where relevant) in person but may not collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post and at the own risk of the applicants shortly after the expiry of the time for collection on the date of despatch of share certificates/refund cheques as described in the subsection headed “How to apply for the Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates/Refund Cheques” in this prospectus.

EXPECTED TIMETABLE

8. Refund cheques or e-Auto Refund payment instructions will be issued in respect of wholly or partially unsuccessful applications. If you apply through the **HK eIPO White Form** service by paying the application monies through a single bank account, you may have e-Auto Refund payment instructions (if any) despatched to your application payment bank account. If you apply through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts, you may have refund cheque(s) sent to the address specified in your application instructions to the designated website (www.hkeipo.hk) by ordinary post and at your own risk. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong identity card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and the Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. 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 public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We 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 in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Share Offer.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer 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 Offer Shares.

OVERVIEW

We are a leading visual display solution provider for pop concerts in Hong Kong. According to the Frost & Sullivan Report, we ranked first in terms of industry spending on visual display solutions for the pop concert market in Hong Kong in 2015, with a market share of approximately 41.9%. In the overall visual display solution industry for live events in Hong Kong, we also ranked fourth in terms of industry spending in 2015 according to the Frost & Sullivan Report.

During the Track Record Period and up to the Latest Practicable Date, we were engaged in over 800 pop concert shows for over 190 Hong Kong and non-Hong Kong artists/bands, such as Aaron Kwok (郭富城), Alan Tam and Hacken Lee (左麟右李), Fish Leong (梁靜茹), Mayday (五月天), Rene Liu (劉若英) and Sammi Cheng (鄭秀文).

The following table sets out a breakdown of our revenue during the Track Record Period:

	For the year ended 31 May						For the six months ended 30 November					
	2015			2016			2015			2016		
	No. of shows	HK\$'000	% of total revenue	No. of shows	HK\$'000	% of total revenue	No. of shows (unaudited)	HK\$'000	% of total revenue	No. of shows	HK\$'000	% of total revenue
Visual Display Solutions												
Pop concerts	235	17,435	65.0	298	31,304	76.7	171	18,603	80.1	150	19,771	74.5
Other live events	93	6,800	25.4	235	7,374	18.1	98	4,493	19.3	132	6,667	25.1
	328	24,235	90.4	533	38,678	94.8	269	23,096	99.4	282	26,438	99.6
Equipment Rental		2,587	9.6		2,127	5.2		143	0.6		113	0.4
Total		26,822	100.0		40,805	100.0		23,239	100.0		26,551	100.0

We derived over 65% of our total revenue during the Track Record Period from providing visual display solutions for pop concerts, the majority of which took place in Hong Kong, the PRC, Taiwan and Macau. The remainder of our revenue was attributable to other live events, such as corporate events, exhibitions, sports and recreational events and other live performances, as well as equipment rental.

Our scope of work encompasses a wide range of visual display solutions to our customers, including pre-execution consultation on visual effect design and technical feasibility, provision of visual display equipment, customisation of visual display solutions, on-site installation of equipment and general technical support during the performance, such as operating video control units, so as to ensure smooth display of the desired visual effects.

SUMMARY

According to the Frost & Sullivan Report, visual elements are increasingly popular in live events to enhance the entertainment value of the performances, offer visual enjoyment to the audience as well as drawing attention to the events. With our rich experience in the visual display solution industry and the technical support of our in-house equipment development and maintenance team in the PRC, we are capable of providing customised visual display solutions to cater for their specific requirements, as well as developing prototypes of new LED applications for trial. We have successfully adopted a number of latest LED and projection technologies for creative applications in pop concerts in Hong Kong, including Mesh LED, transparent LED panels, LED hologram and LED dance floor capable of withstanding the pressure of dancers performing on top, including powerbocking dance.

OUR EQUIPMENT

Our wide variety of visual display equipment in ample quantities allows us to provide our visual display solutions that caters for the diverse needs of our customers more effectively. Our visual display equipment can be classified into three main categories, namely, LED panels, projectors and video control units which we store at our warehouses in Hong Kong, Guangzhou and Shanghai. As at 30 November 2016, we owned 38,197 units of LED panels covering a total display surface area of around 7,523 sq.m., 25 projectors, and 94 video control units and the net book value of all our visual display equipment amounted to approximately HK\$66.4 million.

OUR PRICING POLICY

When determining the total service fee for our visual display solutions, we will consider a number of factors including the type and quantity of the equipment required, project duration, level of manpower required for on-site installation, dismantling and operation of equipment, and transportation costs for our equipment.

OUR CUSTOMERS

We provided our services to 31, 29 and 24 customers for FY2015, FY2016 and 1HFY2017, respectively. Our customers are primarily intermediaries from the live events industry and can be broadly categorised into two types, namely production houses and stage engineering companies. Record label companies and corporate customers may also engage us directly for our visual display solutions for their live events.

For FY2015, FY2016 and 1HFY2017, our five largest customers in aggregate accounted for approximately 85.2%, 79.7% and 78.9% of our total revenue, respectively, with our largest customer accounting for approximately 47.8%, 36.8% and 24.4% of our total revenue, respectively. According to the Frost & Sullivan Report, the pop concert market in Hong Kong is concentrated and dominated by a limited number of well-recognised production houses and stage engineering companies that account for approximately 90% of the market share in 2015 in terms of revenue. We believe that the significant contribution of our five largest customers to our total revenue reflects such distinctive industry landscape. For FY2015, FY2016 and 1HFY2017, approximately 79.7%, 72.0% and 56.9% of our revenue was contributed by repeat customers, respectively, who have engaged us to provide visual display solutions in the immediately preceding year. The decrease in revenue contribution from repeat

SUMMARY

customers from approximately 72.0% in FY2016 to approximately 56.9% in 1HFY2017 was primarily due to the revenue contribution of approximately 24.4% of our total revenue for 1HFY2017 from IEC Group, which was our largest customer for the same period and had not engaged us to provide visual display solutions in the immediately preceding year.

In July 2016, we were engaged by IEC Group (a stage engineering company) to provide visual display service for Concert Tour A. Up to 31 March 2017, we have provided services to 32, 23, 6 and 3 shows of Concert Tour A in the PRC, Hong Kong, Taiwan and Singapore, respectively, which recorded revenue of approximately HK\$11.8 million, HK\$4.8 million, HK\$2.1 million and HK\$1.1 million during the same period, respectively. Based on the contract on hand and quotations issued but not declined as at 31 March 2017, we expect to provide visual display service to another 17 shows of Concert Tour A in the PRC during the two months ending 31 May 2017 and Concert Tour A is expected to account for 25.4% of the total number of our pop concert shows for the year ending 31 May 2017. Based on the latest information currently available to our Directors, it is expected that almost half of our total pop concert revenue will be attributable to Concert Tour A for the year ending 31 May 2017.

For details, please see “Business — Our Customers” beginning on page 96 in this prospectus.

OUR SUPPLIERS

Our suppliers are primarily manufacturers of LED panels, projectors and video control units. We select our suppliers for visual display equipment and ancillary hardware based on a number of criteria which include, among others, quality of products, their track record, business scale, production lead time and costs.

For FY2015, FY2016 and 1HFY2017, fees paid to our five largest suppliers in aggregate accounted for approximately 96.9%, 75.2% and 93.7% of our total purchases of visual display equipment, respectively, with the largest supplier accounting for approximately 68.2%, 23.5% and 68.0% of our total purchases of visual display equipment for the respective periods.

For details, please see “Business — Our Suppliers” beginning on page 103 in this prospectus.

OUR COMPETITIVE STRENGTHS

We believe we possess the following competitive strengths:

- leading visual display solution provider for pop concerts in Hong Kong;
- strong capabilities for providing customised visual display solutions and in-house repair and technical support;
- large quantity and wide range of visual display equipment; and
- experienced management and technical staff with strong knowhow and expertise.

For details, please see “Business — Our Competitive Strengths” beginning on page 82 in this prospectus.

SUMMARY

OUR BUSINESS STRATEGIES

Our key business strategies are to:

- enhance our business presence for providing visual display solutions for corporate events and exhibitions;
- expand our business in Shanghai; and
- develop a tracking system to enhance our equipment management and utilisation.

For details, please see “Business — Our Business Strategies” beginning on page 84 in this prospectus.

HIGHLIGHTS OF RISK FACTORS

We believe that there are certain risks involved in our operations, some of which are beyond our control. The following highlights some of the risks which are considered to be material by our Directors:

- Our prospective projects as disclosed in this prospectus are subject to unexpected adjustments and cancellations and, therefore, may not be indicative of our future results of operations;
- Our competitiveness depends on our ability to keep pace with the technological advancement and anticipate the change in market trends in our industry;
- We have a concentrated customer base and any significant decrease in the number or size of projects with our major customers would adversely affect our operations and financial results;
- Our continued success depends on the dedicated efforts and extensive industry experience of our key management personnel and our ability to retain our technical staff, and any loss of their service may impair our ability to maintain our continued success; and
- We may not be able to successfully materialise our future plans, achieve our business objectives and yield the anticipated benefits.

For more details of the risks we are exposed to, please see “Risk Factors” beginning on page 26 in this prospectus.

OUR SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue, Mr. Yeung, Mr. Chang, UCP and Ms. Ching, will together be beneficially interested in 75% of the issued share capital of our Company through Next Vision, and continue to be our Controlling Shareholder, without taking into account any Shares that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme.

SUMMARY

For details, please see “Relationship with Controlling Shareholders” beginning on page 149 and “Substantial Shareholders” on page 155 in this prospectus.

KEY OPERATIONAL AND FINANCIAL DATA

The following tables present our key operational and financial data during the Track Record Period:

Results of operations

	For the year ended 31 May		For the six months ended 30 November	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Revenue	26,822	40,805	23,239	26,551
Gross profit	10,441	17,963	10,392	12,781
Other gain, net ^(Note)	449	303	274	276
Profit/(loss) before income tax	1,632	8,583	5,768	(1,021)
Profit/(loss) for the year/period	1,093	6,928	4,669	(2,555)

Note: For FY2015, the other net gain includes compensation income and gain on investment in an insurance contract, which were non-recurring in nature totaling HK\$0.6 million, net off by net exchange losses of HK\$0.1 million.

Financial position

	As at 31 May		As at 30 November
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Non-current assets	36,429	40,562	67,151
Current assets	17,601	15,857	30,727
Current liabilities	33,907	28,195	45,496
Net current liabilities	16,306	12,338	14,769
Total equity	17,421	24,423	22,701

Cash flows

	For the year ended 31 May		For the six months ended 30 November	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Net cash generated from operating activities	9,871	13,078	6,152	11,507
Net cash used in investing activities	(15,645)	(10,558)	(11,272)	(20,278)
Net cash generated from/(used in) financing activities	6,321	(893)	3,271	21,450
Net increase/(decrease) in cash and cash equivalents	547	1,628	(1,849)	12,679
Cash and cash equivalents at the end of year/period ^(Note)	1,007	2,585	(848)	15,253

SUMMARY

Note: The increase in our cash and bank balances from approximately HK\$2.6 million as at 31 May 2016 to approximately HK\$15.3 million as at 30 November 2016 was mainly due to the issue of a promissory note dated 30 November 2016 to Next Vision, our then sole Shareholder with principal amount of approximately HK\$14.7 million. The loan is mainly used for the purpose of settling the expenses in connection with the Listing.

Key financial ratios

	As at/For the year ended 31 May		As at/For the six months ended 30 November
	2015	2016	2016
Gross profit margin	38.9%	44.0%	48.1%
Net profit/(loss) margin	4.1%	17.0%	(9.6)% ^(Note 2)
Return on equity	6.3%	28.4%	N/A
Return on total assets.	2.0%	12.3%	N/A
Current ratio	0.5 times	0.6 times	0.7 times
Quick ratio	0.5 times	0.6 times	0.7 times
Gearing ratio ^(Note 1)	97.0%	69.8%	168.1%
Net debt to equity ratio	88.1%	59.2%	100.9%
Interest coverage ratio	2.9 times	9.0 times	N/A

Notes:

- Gearing ratio equals total debt divided by total equity as at the end of the financial period. Total debt includes payables not incurred in the ordinary course of business (being bank borrowings and overdrafts, shareholder's loan, obligations under finance lease and amount due to a director).
- Net loss margin of 9.6% was recorded in 1HFY2017, as a result of the Listing expenses of HK\$8.1 million incurred during the period. Should the one-off listing expense be excluded, our adjusted net profit margin would be 21.0%.

We recorded a net loss of approximately HK\$2.6 million for 1HFY2017 mainly due to the Listing expenses of HK\$8.1 million incurred during the period. Having excluded the non-recurring Listing expenses, we would have recorded an adjusted net profit of approximately HK\$5.6 million for 1HFY2017, representing an increase of approximately 19.5% as compared to that for 1HFY2016.

Our gross profit margin increased from approximately 38.9% for FY2015 to approximately 44.0% for FY2016 which was mainly due to the higher utilisation of our visual display equipment. The gross profit margin further increased to approximately 48.1% for 1HFY2017. For details of our equipment utilisation rate, please refer to “Business — Equipment Management and Utilisation” beginning on page 112 in this prospectus.

Our net profit margin also increased throughout the Track Record Period, from approximately 4.1% for FY2015 to approximately 17.0% for FY2016 and our adjusted net profit margin further increased to 21.0% (after excluding the one-off Listing expenses) for 1HFY2017. The net profit margin was particularly low for FY2015 mainly due to the fact that we had a rather small customer base for pop concerts during the year, from which the revenue we derived was limited and only gave rise to a low net profit amount after deducing the depreciation expenses and other fixed nature

SUMMARY

operating overheads. Our revenue grew in FY2016 and 1HFY2017 as a result of the expansion of our customer base for pop concerts and consequently, our net profit margin improved. For FY2015, FY2016 and 1HFY2017, 11, 17 and 14 customers engaged us for the provision of visual display solution for pop concerts.

Please see “Financial Information — Key Financial Ratios” on pages 193 to 195 for further details and the formula of the respective ratios.

FINANCIAL HIGHLIGHTS

Results of operations

During the Track Record Period, we principally derive our revenue from the provision of visual display solutions, which accounted for over 90% of our total revenue. Our revenue for FY2016 was HK\$40.8 million, approximately 52.1% higher compared to that for FY2015. Such increase was mainly attributable to (i) the increase in the number of pop concerts undertaken by us in FY2016 and (ii) the increase in the average revenue per show for pop concerts from HK\$74,200 for FY2015 to HK\$105,000 for FY2016 as a result of increase in the demand for higher quality and more complex visual display effect by our customers in general. Our revenue increased by approximately 14.3% from HK\$23.2 million for 1HFY2016 to HK\$26.6 million for 1HFY2017. Such increase was mainly attributable to the positive growth of our revenue from both pop concerts and other live events.

The following table sets out a breakdown of the number of shows and our revenue based on the geographic location during the Track Record Period:

	For the year ended 31 May						For the six months ended 30 November					
	2015			2016			2015			2016		
			% of			% of			% of			% of
	No. of	Revenue	total	No. of	Revenue	total	No. of	Revenue	total	No. of	Revenue	total
Visual Display Solutions	shows	(HK\$'000)	revenue	shows	(HK\$'000)	revenue	shows	(HK\$'000)	revenue	shows	(HK\$'000)	revenue
									(unaudited)			
Hong Kong	197	12,981	48.4	362	18,655	45.7	168	9,618	41.4	191	11,427	43.0
PRC	63	7,084	26.4	112	10,483	25.7	53	5,614	24.2	79	14,021	52.8
Macau	29	3,249	12.1	31	3,250	8.0	20	1,575	6.8	6	510	1.9
Taiwan	23	845	3.2	26	6,275	15.4	26	6,275	27.0	5	330	1.3
Other ^(Note)	16	76	0.3	2	15	0.0	2	14	0.0	1	150	0.6
Sub-total	328	24,235	90.4	533	38,678	94.8	269	23,096	99.4	282	26,438	99.6
Equipment Rental		2,587	9.6		2,127	5.2		143	0.6		113	0.4
Total		26,822	100.0		40,805	100.0		23,239	100.0		26,551	100.0

Note: Other geographic locations include Malaysia, U.S. and Australia.

During the Track Record Period, the average revenue per show in the PRC was usually higher than that in Hong Kong. This was mainly because the concerts in which we were engaged in the PRC

SUMMARY

were usually a part of a large-scale concert tour performed by Hong Kong or foreign artists and more equipment was usually required in such large-scale concert tour. On the other hand, from time to time we were also engaged in some small-scale concerts in Hong Kong which were only held for one or two nights and less equipment was required for these small-scale concerts.

Set out below is the breakdown of our revenue from visual display solutions during the Track Record Period. For the purpose of revenue breakdown presentation, other live events include corporate events, sports and recreation events, exhibitions and other live performances.

For the year ended 31 May						
	2015			2016		
	No. of shows	HK\$'000 (%)	Average revenue	No. of shows	HK\$'000 (%)	Average revenue
			per show HK\$000			per show HK\$000
Pop concert	235	17,435 (71.9)	74	298	31,304 (80.9)	105
Other live events	93	6,800 (28.1)	73	235	7,374 (19.1)	31
Total revenue from visual display solutions . .	<u>328</u>	<u>24,235 (100.0)</u>	<u>74</u>	<u>533</u>	<u>38,678 (100.0)</u>	<u>73</u>

For the six months ended 30 November						
	2015			2016		
	No. of shows	HK\$'000 (%)	Average revenue	No. of shows	HK\$'000 (%)	Average revenue
			per show HK\$000			per show HK\$000
Pop concert	171	18,603 (80.5) (unaudited)	109	150	19,771 (74.8)	132
Other live events	98	4,493 (19.5)	46	132	6,667 (25.2)	51
Total revenue from visual display solutions . .	<u>269</u>	<u>23,096 (100.0)</u>	<u>86</u>	<u>282</u>	<u>26,438 (100.0)</u>	<u>94</u>

The average revenue per show from pop concerts increased from HK\$74,200 for FY2015 to HK\$105,000 for FY2016, mainly because (i) we undertook more small-scale concerts (of average revenue per show under HK\$40,000) in FY2015, which lowered the average revenue per show from pop concerts for FY2015 and (ii) we included the equipment purchase cost in the amount of HK\$3.4 million in our visual display service fee charged to a Taiwanese customer (who chose to retain the equipment at the completion of the concert tour), which resulted in a higher average revenue per show in FY2016. The average further increased to HK\$131,800 for 1HFY2017, mainly because we were able to charge approximately HK\$360,000 per show for the 18 shows of Concert Tour A in the PRC, which required a large quantity of visual display equipment, including some custom-made ones, from us to produce the desired visual effects.

The average revenue per show from other live events decreased from HK\$73,100 for FY2015 to HK\$31,400 for FY2016, as we were engaged in a large number of small-scale live events (such as the harbourfront carnival for 65 days) in FY2016, which required relatively less complex visual display solutions. The average revenue increased to HK\$50,500 per show for 1HFY2017 because we undertook more large-scale corporate events which included an annual global marketing event hosted by a U.S. listed direct selling company that develops and distributes personal care products and nutritional supplements and we charged approximately HK\$567,000 on average per show for three consecutive days.

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Net current liabilities position

We recorded net current liabilities of approximately HK\$16.3 million, HK\$12.3 million, HK\$14.8 million and HK\$12.0 million as at 31 May 2015, 31 May 2016, 30 November 2016 and 31 March 2017, respectively, mainly because we financed our capital expenditure (comprising primarily the purchase of visual display equipment) by the cash inflows from operating activities and financing activities (including bank borrowings, a majority of which were classified as current liabilities owing to the repayment on demand clause).

Going forward, our Directors expect that our net current liabilities position will improve due to, among all, the following reasons:

- (i) our level of gearing and our current liabilities would be greatly reduced after the repayment of outstanding bank loans of approximately HK\$9.9 million from the proceeds of Share Offer upon Listing; and
- (ii) our current liabilities would be further reduced after the settlement of payables for the purchases of new visual display equipment for Concert Tour A of approximately HK\$10.6 million from the proceeds of Share Offer upon Listing.

Working capital and liquidity management

We recognise the importance of liquidity for the continuance of our business as a going concern. During the Track Record Period, the net cash flow generated from our ordinary course of business was mostly sufficient to cover the capital expenditures for equipment purchases.

In order to safeguard our Group from experiencing liquidity or working capital management problem after Listing, apart from the immediate enhancement of our financial position upon Listing after the repayment of outstanding bank loans and the settlement of payables for equipment from the Listing proceeds, we have formulated and adopted certain operating measures to maintain our liquidity and working capital sufficiency, including but not limited to:

- (i) the preparation of financial budget on a quarterly basis and maintaining a HK\$8 million buffer in the net current assets. Please see “Financial Information — Quantitative and qualitative disclosures about market risk — Liquidity risk” on page 198 to 199 in this prospectus for further details; and
- (ii) imposing of an annual cap amount for our equipment purchases. Please see “Financial Information — Working capital and liquidity management” on page 186 in this prospectus for further details.

SUMMARY

RECENT DEVELOPMENT

Our prospective projects (based on contracts and quotations)

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have continued to focus on developing our business of provision of visual display solutions for pop concerts. Set out below are the movement of the number of shows in our prospective projects for FY2015, FY2016, 1HFY2017 and the four months ended 31 March 2017 based on our contract on hand and quotations issued but not declined as at 31 March 2017:

	For the year ended 31 May		For the six months ended 30 November	For the four months ended 31 March
	2015	2016	2016	2017
Number of outstanding shows based on contract awarded and quotations issued but not declined as at the beginning of the relevant period	3	26	4	94
Number of shows based on new contract awarded during the relevant period:				
— for Concert Tour A in the PRC	—	—	80	—
— for other pop concerts and live events	—	—	—	2
	—	—	80	2
Number of shows based on new quotations issued but not declined during the relevant period ^(Note 1) :				
— for Concert Tour A in areas other than the PRC	—	—	23	9
— for other pop concerts and live events	351	511	269	236
	351	511	292	245
Number of shows completed during the relevant period	(328)	(533)	(282)	(247)
Number of outstanding shows as at the end of the relevant period:				
— based on contracts awarded	0	0	62	50
— based on quotations issued but not declined ^(Note 1)	26	4	32	44
	<u>26</u>	<u>4</u>	<u>94</u>	<u>94^(Note 2)</u>

Notes:

- We have taken into account the new quotations issued but not declined in determining our prospective projects because we had a success rate of at least 94% for the quotations issued during the Track Record Period. For details, please refer to the paragraph headed “Business — Business Model — Issuance and acceptance of quotation” beginning on page 91 of this prospectus.
- Among the 50 outstanding shows based on contracts awarded, Concert Tour A accounted for 48 shows which would be held in the PRC. It is currently expected that 17 and 31 shows of Concert Tour A will be completed for the years ending 31 May 2017 and 31 May 2018, respectively; and the value of our prospective projects for Concert Tour A as at 31 March

SUMMARY

2017 was approximately HK\$21.9 million, of which approximately HK\$8.0 million and HK\$13.9 million are expected to be recognised in the years ending 31 May 2017 and 31 May 2018, respectively. The remaining two outstanding shows based on contracts awarded were attributed to another pop concert to be held in the PRC. For the 44 outstanding shows based on quotations issued but not declined, none of them were attributed to Concert Tour A and out of such 44 shows, 18 shows and 26 shows would be held in the PRC and Hong Kong, respectively.

Based on the contract on hand and quotations issued but not declined as at 31 March 2017, it is currently expected that out of the 94 outstanding shows, 59 and 35 shows will be completed for the years ending 31 May 2017 and 31 May 2018, respectively; and the value of our prospective projects (representing the estimated total contract value for the outstanding shows) as at 31 March 2017 was approximately HK\$30.0 million, of which approximately HK\$15.4 million and HK\$14.6 million are expected to be recognised in the years ending 31 May 2017 and 31 May 2018, respectively.

However, our prospective projects may not materialise as illustrated above and please refer to the paragraph headed “Risk Factors — Our prospective projects as disclosed in this prospectus are subject to unexpected adjustments and cancellations and, therefore, may not be indicative of our future results of operations” on page 26 of this prospectus.

Listing expenses

Given the total Listing expenses of non-recurring nature in the amount of approximately HK\$17.1 million is expected to be reflected in the consolidated statement of comprehensive income of our Group in FY2017 and is non-recurring on nature, we expect to incur a net loss in FY2017. Please refer to the paragraph headed “Listing Expenses” in this section for further details of such expenses. Our Directors confirm that save for the expenses in connection with the Listing, which are non-recurring in nature, subsequent to the Track Record Period and up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group.

USE OF PROCEEDS

Based on the Offer Price of HK\$0.3 per Share, the net proceeds of the Share Offer, after deduction of underwriting fees and other expenses payable by our Company in relation to the Share Offer, are estimated to be approximately HK\$35.5 million. Our Company currently intends to use the net proceeds from the Share Offer as follows:

Plan	Amount of proceeds (HK\$ million)	Approximate percentage of net proceeds (%)
Repayment of bank loans	9.9	27.8
Acquisition of visual display equipment for our business expansion in Shanghai	11.6	32.7
Settlement of payables for new visual display equipment for Concert Tour A	10.6	30.0
Recruitment of a creative director for corporate events and exhibitions	1.7	4.7
General working capital	1.7	4.8
Total	35.5	100.0

For details, please see “Statement of Business Objectives and Use of Proceeds” beginning on page 201 in this prospectus.

SUMMARY

STATISTICS OF THE SHARE OFFER

**Based on the
Offer Price of
HK\$0.3 per
Offer Share**

Market capitalisation of the Shares expected to be in issue following the completion of the Share Offer and the Capitalisation Issue ^(Note 1)	HK\$240.0 million
Unaudited pro forma adjusted net tangible asset value per Share ^(Note 2)	HK\$0.0830

Notes:

1. The calculation of the market capitalisation is based on 800,000,000 Shares expected to be in issue following the completion of the Share Offer and the Capitalisation Issue.
2. The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after making the adjustments referred to in “Appendix II — Unaudited Pro Forma Financial Information” and on the basis of 800,000,000 Shares in issue assuming that the Share Offer and the Capitalisation Issue have been completed on 30 November 2016 but takes no account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be granted and issued or repurchased by our Company pursuant to the general mandate and the Buy-back Mandate.

DIVIDEND

We have neither a pre-determined dividend payout ratio nor any dividend policy. The payment and amount of any future dividends will be at the sole discretion of our Board of Directors and will also depend on factors such as our results of operations, cash flow, capital requirements, general financial condition, future prospects and other factors that our Board of Directors deem relevant. We have never declared or paid any dividends on our Shares.

LISTING EXPENSES

The estimated total expenses in connection with the Listing is approximately HK\$24.5 million, including the underwriting commission of approximately HK\$2.4 million and other listing expenses and fees (including SFC transaction levy and Stock Exchange trading fee) of approximately HK\$22.1 million. Of the total relevant expenses (i.e. approximately HK\$24.5 million), approximately HK\$7.4 million is to be capitalised (i.e. accounted for as deduction from equity) upon Listing, while the remaining HK\$17.1 million was or is expected to be charged to profit or loss for the year ending 31 May 2017. Approximately HK\$8.1 million of the Listing expenses in relation to services already performed has been reflected in the consolidated statement of comprehensive income of our Group during 1HFY2017. The remaining amount of approximately HK\$9.0 million is expected to be reflected in the consolidated statement of comprehensive income of our Group after the Track Record Period. The amount of Listing expenses is a current estimate for reference only and the final amount to be recognised to profit or loss of our Group is subject to audit and the then changes in variables and assumptions.

SUMMARY

LITIGATION AND COMPLIANCE

Save as the potential claim disclosed below, during the Track Record Period, no member of our Group was involved in any litigation, claim or arbitration of material importance, and no litigation, claim or arbitration of material importance is known to our Directors to be pending or threatened against any member of our Group.

In 2011 and 2012, we purchased certain LED panels from the Relevant Supplier, some of which were found to be substandard (the “**Defective Products**”). In accordance with the relevant purchase agreements, we had paid for the LED panels that met the specified quality requirements and made various written requests to return the Defective Products to the Relevant Supplier for replacement, but the Relevant Supplier ignored our requests. In July 2014 and May 2015, we received two demand letters, respectively from the Relevant Supplier claiming for the outstanding sum of approximately RMB4.3 million (equivalent to approximately HK\$4.8 million) in relation to our purchases of the Defective Products. In August 2015, our PRC legal adviser responded to the Relevant Supplier on our behalf resisting its demand of payment and we have received no response from the Relevant Supplier since then. Our Directors believe that we have a strong defence against such claim on the basis that the Defective Products supplied by the Relevant Supplier did not meet the quality requirements in accordance with the relevant purchase agreement. Our Directors also confirmed that this potential claim would not have any material impact on our business operation or financial positions in the future. Please see “Business — Litigation and Claim” beginning on page 126 in this prospectus for further details.

During the Track Record Period, certain of our PRC subsidiaries failed to strictly comply with the relevant PRC laws and regulations with respect to social insurance fund and housing provident fund. Please see “Business — Legal Compliance” beginning on page 121 in this prospectus for further details.

DEFINITIONS

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

“1HFY2016”	the six months ended 30 November 2015, being the first half of the financial year of our Company ended 31 May 2016
“1HFY2017”	the six months ended 30 November 2016, being the first half of the financial year of our Company ending 31 May 2017
“Application Form(s)”	the WHITE Application Form(s), YELLOW Application Form(s) and GREEN Application Form(s), individually or collectively, as the context may require
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on 19 May 2017 and effective on the Listing Date, as amended or supplemented from time to time
“Board” or “Board of Directors”	the board of directors of our Company
“business day” or “Business Day”	any day (other than Saturdays, Sundays or public holidays) on which banks in Hong Kong are generally open for normal banking business
“Buy-back Mandate”	the general unconditional mandate given to our Directors by our then sole Shareholder relating to the repurchase of Shares, particulars of which are set out in “Appendix IV — Statutory and General Information — A. Further Information about Our Group — 3. Resolutions in writing of our then Sole Shareholder passed on 19 May 2017” in this prospectus
“BVI”	the British Virgin Islands
“CAGR”	compounded annual growth rate
“Capitalisation Issue”	the issue of Shares to be made upon capitalisation of certain loan amount owing by our Group to Next Vision as referred to in “History, Reorganisation and Corporate Structure — Capitalisation Issue” in this prospectus
“Cayman Companies Law” or “Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“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

DEFINITIONS

“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
“CG Code”	Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules
“Concert Tour A”	the pop concert tour for which we were engaged by IEC Group to provide visual display solutions and which would be held in areas such as the PRC, Hong Kong, Taiwan and Singapore, and expected to span around a period of three years
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company” or “our Company”	In Technical Productions Holdings Limited, a company incorporated in the Cayman Islands on 4 November 2016 as an exempted limited liability company
“Controlling Shareholder(s)”	shall have the meaning given to it under the GEM Listing Rules and unless the context otherwise requires, refers to Mr. Yeung, Mr. Chang, UCP, Ms. Ching and Next Vision
“Deed of Indemnity”	the deed of indemnity dated 22 May 2017 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its present subsidiaries), pursuant to which our Controlling Shareholders agree to provide certain indemnities, particulars of which are set out in “Appendix IV — Statutory and General Information — D. Other Information — 2. Tax and other indemnities” in this prospectus
“Deed of Non-Competition”	the deed of non-competition dated 22 May 2017 entered into by our Controlling Shareholders in favour of our Company, particulars of which are set out in “Relationship with Controlling Shareholders — Non-competition Undertakings” in this prospectus
“Director(s)” or “our Director(s)”	the director(s) of our Company

DEFINITIONS

“Frost & Sullivan”	Frost & Sullivan International Limited
“Frost & Sullivan Report”	an independent research report commissioned by our Company and prepared by Frost & Sullivan for the purpose of the Listing
“FY” or “financial year”	financial year of our Company ended or ending 31 May
“FY2015”	financial year of our Company ended 31 May 2015
“FY2016”	financial year of our Company ended 31 May 2016
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended or supplemented from time to time
“GREEN Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group”, “we”, “our” or “us”	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“ HK eIPO White Form ”	the application for Hong Kong Offer Shares in the applicant’s own name by submitting applications online through the designated website of HK eIPO White Form at www.hkeipo.hk
“ HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designed by our Company, as specified on the designated website at www.hkeipo.hk
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants)
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Government” or “HK Government”	the Government of Hong Kong
“Hong Kong Offer Shares”	20,000,000 new Shares being initially offered by the Company for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in the section headed “Structure of the Share Offer” in this prospectus
“Hong Kong Public Offering”	the offer by the Company of the Hong Kong Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in the section headed “Structure of the Share Offer” in this prospectus
“Hong Kong Share Registrar”	Tricor Investor Services Limited, our Hong Kong branch share registrar and transfer office
“Hong Kong Underwriter”	the underwriter of the Hong Kong Public Offering named in the paragraph headed “Underwriting — Hong Kong Underwriter” in this prospectus
“Hong Kong Underwriting Agreement”	the conditional underwriting agreement relating to the Hong Kong Public Offering entered into by, among others, our Company and the Hong Kong Underwriter
“IEC Group”	IEC Group Production Company Limited, our largest customer for 1H FY2017
“Independent Third Party(ies)”	person(s) or company(ies) which is (are) not connected with (within the meaning of the GEM Listing Rules) any of our Directors, chief executive or substantial shareholders of our Company or our subsidiaries or any of our respective associates
“Issue Mandate”	the general unconditional mandate given to our Directors by our then sole Shareholder relating to the issue of new Shares, particulars of which are set out in “Appendix IV — Statutory and General Information — A. Further Information about Our Group — 3. Resolutions in writing of our then sole Shareholder passed on 19 May 2017” in this prospectus

DEFINITIONS

“ITP (BVI)”	In Technical Productions (B.V.I.) Limited, a company incorporated in BVI with limited liability on 9 November 2016, and the direct wholly-owned subsidiary of our Company
“ITP (HK)”	In Technical Productions Limited, a company incorporated in Hong Kong with limited liability on 10 March 2009, and an indirect wholly-owned subsidiary of our Company
“Latest Practicable Date”	22 May 2017, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Listing”	the listing of the Shares on GEM
“Listing Date”	the date expected to be on or around Wednesday, 14 June 2017, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on GEM
“Listing Division”	the listing division of the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company conditionally adopted on 19 May 2017, as amended or supplemented from time to time
“MOP”	Macau Pataca, the lawful currency of Macau
“Mr. Chang”	Mr. Chang Yu-shu, a 15% shareholder of Next Vision and one of our Controlling Shareholders
“Mr. Yeung”	Mr. Yeung Ho Ting Dennis, an executive Director, chief executive officer and chairman of the Board and one of our Controlling Shareholders
“Ms. Ching”	Ms. Ching Hsiang-yun, the sole shareholder of UCP, a 10% shareholder of Next Vision and one of our Controlling Shareholders
“Next Vision”	Next Vision Management Limited, a company incorporated in BVI with limited liability on 22 April 2015, and owned as to 75% by Mr. Yeung, 15% by Mr. Chang and 10% by UCP, and one of our Controlling Shareholders

DEFINITIONS

“Offer Price”	HK\$0.3 per Share (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee) at which the Offer Shares are to be subscribed for and issued pursuant to the Share Offer
“Offer Share(s)”	the Hong Kong Offer Shares and the Placing Shares
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriter on behalf of our Company to professional, institutional and other investors at the Offer Price as described in the section headed “Structure of the Share Offer” in this prospectus
“Placing Share(s)”	the 180,000,000 new Shares being initially offered at the Offer Price for subscription under the Placing, subject to reallocation as described in the section headed “Structure of the Share Offer” in this prospectus
“Placing Underwriter”	the underwriter of the Placing, who are expected to enter into the Placing Underwriting Agreement
“Placing Underwriting Agreement”	the conditional placing underwriting agreement relating to the Placing and to be entered into by, among others, our Company and the Placing Underwriter
“PRC” or “China”	the People’s Republic of China, excluding for the purposes of this prospectus only, Hong Kong, Macau and Taiwan
“PRC Eastern Region”	eastern region of the PRC including Shandong, Jiangsu, Anhui, Zhejiang, Jiangxi, Fujian and Shanghai
“PRC Legal Adviser”	Tian Yuan Law Firm, legal adviser to our Company as to PRC law
“Predecessor Companies Ordinance”	the Predecessor Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
“Relevant Supplier”	one of our then suppliers, from whom we purchased some of the LED panels in 2011 and 2012 which were found to be substandard, details of which are set out in “Business — Litigation and Claim” in this prospectus
“Reorganisation”	the reorganisation of our Group in preparation for the Listing, details of which are set out in “History, Reorganisation and Corporate Structure — Reorganisation” in this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Yingtegao”	Shanghai Yingtegao Stage Arts Limited (上海英特高舞台藝術有限公司), a company established in the PRC with limited liability on 14 October 2014, and an indirect wholly-owned subsidiary of our Company
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Share Offer”	collectively, the Placing and the Hong Kong Public Offering
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 19 May 2017, the principal terms of which are summarised in “Appendix IV — Statutory and General Information — D. Other information — 1. Share Option Scheme”
“Shiji Tiansheng Cultural”	Shiji Tiansheng Cultural Communication (Shenzhen) Limited (世紀天盛文化傳播 (深圳) 有限公司), a company established in the PRC with limited liability on 4 July 2012, and an indirect wholly-owned subsidiary of our Company
“Shiji Tiansheng Technology”	Shenzhen Shiji Tiansheng Technology Limited (深圳市世紀天盛科技有限公司), a company established in the PRC with limited liability on 11 July 2013, and an indirect non-wholly owned subsidiary of our Company, and owned as to 70% by Shiji Tiansheng Cultural, 15% by Mr. Pei Mingzhong (裴明忠), a member of senior management of our Group, and 15% by Mr. Pan Zeming (潘澤明), the legal representative of Shiji Tiansheng Technology
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sole Lead Manager” or “Sole Bookrunner”	Pacific Foundation Securities Limited, a licensed corporation licensed to carry out type 1 (dealing in securities) and type 9 (asset management) regulated activities under the SFO
“Sole Sponsor”	Shenwan Hongyuan Capital (H.K.) Limited, a licensed corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

DEFINITIONS

“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended or supplemented from time to time
“Track Record Period”	FY2015, FY2016 and 1HFY2017
“TWD”	New Taiwan Dollars, the lawful currency of Taiwan
“Underwriters”	the Hong Kong Underwriter and the Placing Underwriter
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the Placing Underwriting Agreement
“UCP”	UCP Co., Ltd, a company incorporated in Samoa with limited liability on 7 March 2011, and wholly owned by Ms. Ching as at the Latest Practicable Date
“U.S.” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“ WHITE Application Form(s)”	the application form(s) for use by the public who require such Hong Kong Offer Shares to be issued in the applicant’s own name(s)
“ YELLOW Application Form(s)”	the application form(s) for use by the public who require such Hong Kong Offer Shares to be deposited directly in CCASS
“%”	per cent

In this prospectus, unless the context otherwise requires, the terms “associate”, “close associate”, “connected person”, “connected transaction”, “controlling shareholder”, “core connected person”, “significant shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the GEM Listing Rules, unless the context otherwise requires.

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.

Some English names of Chinese laws and regulations, government authorities, departments, entities, institutions, natural persons, facilities, certificates, titles and the like for which no official English translation exists have been unofficially translated for identification purposes only. In the event of any inconsistency, the Chinese name will prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this prospectus as they relate to our Company and are used in this prospectus in connection with our business or us. These terms and their given meanings may not correspond to standard industry definitions.

“Full HD”	full high definition, a resolution format of pixel dimensions higher than 1,920x1,080
“lumen”	the unit of luminous flux for measuring the power of light output of projectors
“LED”	light-emitting diode, a two-lead semiconductor light source to provide illumination of display surface
“LED dance floor”	a LED platform laminated with a protective layer and strengthened cabinet to improve durability and strength to withstand the pressure of dancers performing on top
“LED hologram”	a device for generating floating 3D images observable without 3D glasses making use of LED panels, projectors and light diffraction
“LED module”	an integrated module consisted of more than one individual light-emitting diode mounted on a printed circuit board, which can be arranged in various shapes and sizes to project to display pictures and video images, and produce different visual display effects
“Mesh LED”	LED in the form of a flexible mesh which displays images with see-through effects
“pixel”	a unit representing the smallest element of an image, which, if grouped or arranged together, forms a coloured visual image
“pixel diagram”	a diagram showing the position, size, number and resolution format of LED panels for video content providers to produce the video for smooth display
“pixel pitch”	the physical distance between the pixels in a display screen, which determines the resolution of visual images to be displayed
“production house”	companies involved in promoting and coordinating the organisation of live events

GLOSSARY OF TECHNICAL TERMS

“projection mapping”	a technology used to project images onto the surface of any object to create special visual effects, such as optical illusions and 3D animations
“SD”	standard definition, a resolution format of pixel dimensions of 768x576
“sq.m.”	square metre(s)
“sq.ft.”	square feet
“stage diagram”	a diagram showing the position of various visual display equipment to be installed at the show or event venue
“stage engineering company”	company primarily involved in providing services for various technical aspects in setting up pop concerts
“tier one cities”	Beijing, Shanghai, Guangzhou and Shenzhen in the PRC
“UHD”	ultra high definition, including 4K and 8K resolutions
“video mapping”	a technology used to incorporate video contents into the display surface
“2K”	a resolution format of pixel dimensions of 2,048 x 1,080
“3D”	three-dimensional
“4K”	a resolution format of pixel dimensions of 4,096 x 2,160
“8K”	a resolution format of pixel dimensions of 7,680 x 4,320

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed “Summary”, “Risk Factors”, “Industry Overview”, “Business”, “Financial Information” and “Statement of Business Objective and Use of Proceeds” in this prospectus. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section headed “Risk Factors” in this prospectus, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and operating plans;
- our capital expenditure and expansion plans;
- our ability to identify and successfully take advantage of new business development opportunities;
- our dividend policy; and
- our profit estimate and other prospective financial information.

The words “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “seek”, “will”, “would” and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the laws, rules and regulations of the Hong Kong relating to any aspect of our business or operations;
- general economic, market and business conditions in Hong Kong;
- macroeconomic policies of the Hong Kong Government;
- inflationary pressures or changes or volatility in interest rates, foreign exchange rates or other rates or prices;
- various business opportunities that we may pursue; and
- the risk factors discussed in this prospectus as well as other factors beyond our control.

FORWARD-LOOKING STATEMENTS

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to 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 we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section as well as the risks and uncertainties discussed in the section headed “Risk Factors” in this prospectus.

RISK FACTORS

An investment in our Shares involves various risks. You should carefully consider all the information in this prospectus and, in particular, the risks and uncertainties described below before making an investment in our Shares. The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occur, the trading price of our Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.

RISKS RELATING TO OUR BUSINESS AND THE VISUAL DISPLAY SOLUTION INDUSTRY

Our prospective projects as disclosed in this prospectus are subject to unexpected adjustments and cancellations and, therefore, may not be indicative of our future results of operations

For the purpose of this prospectus, our prospective projects as disclosed in this prospectus refer to the estimated total number of shows of our contracted and potential projects (supported by quotation issued) that remain outstanding and value of prospective projects refers to the estimated total contract value for such outstanding shows, based on the contract awarded and quotations issued but not declined as of a certain date.

Based on our contract on hand and quotations issued but not declined as at 31 March 2017, it is currently expected that out of the 94 outstanding shows, 59 and 35 shows will be completed for the years ending 31 May 2017 and 31 May 2018, respectively; and the value of our prospective projects (representing the estimated total contract value for the outstanding shows) as at 31 March 2017 was approximately HK\$30.0 million, of which approximately HK\$15.4 million and HK\$14.6 million are expected to be recognised in the years ending 31 May 2017 and 31 May 2018, respectively. For further details, please refer to the paragraph headed “Business — Our prospective projects” in this prospectus.

The value of our prospective projects is not a measure defined by generally accepted accounting principles and may not be indicative of future results of operations. Our prospective projects movement disclosed in the prospectus is based on the assumption that the relevant quotations issued by us will be carried out in accordance with the terms of the quotations and the relevant contract awarded will be fully performed. If (i) the contract awarded is terminated; or (ii) after we issued the quotations, any of our potential customers decides not to engage us for our visual display solutions; or (iii) there are subsequent changes to the number of shows for the project or re-negotiation with respect to our service fees, our prospective projects value will be subject to change. The termination or modification of any one or more projects may have a substantial and immediate effect on our prospective projects. There is no assurance that the estimated prospective projects value can be realised in full, in a timely manner, or at all, or that, even if it is realised, that such prospective projects value will result in profits as expected. As a result, you should not rely on our prospective projects information represented in this prospectus as an indicator of our future earnings or performance.

RISK FACTORS

Our competitiveness depends on our ability to keep pace with the technological advancement and anticipate the change in market trends in our industry

The success of our business is largely attributable to our ability to keep pace with the latest development of visual display technology in the market in order to provide feasible and cost-effective visual display solutions to our customers. However, as visual display technologies are continuously evolving, we may not be always able to keep pace with the technological advancement in our industry and to respond to the evolving consumers' preferences in a timely manner. Our ability to provide our visual display solutions to our customers depends on, among others, the availability of our visual display equipment which suits their needs. Our decision of purchasing new visual display equipment is based on a number of factors, including anticipated orders from our customers, project requirements, trend and development of visual display technology, as well as our assessment of the market reception for the visual display effects produced by the equipment based on our industry experience. Further, we record the cost of our visual display equipment by depreciating the equipment on a straight-line basis over their useful lives. If we fail to anticipate the change in market trends and invest in suitable visual display equipment to cope with the latest customer demands and specifications, we may not be able to achieve a satisfactory utilisation rate for the newly acquired visual display equipment while our depreciation cost for the period would continue to be incurred. This may also trigger the need for impairment of equipment. For example, the UHD format has been introduced into the market in recent years. Although Full HD currently remains the major format to be used in pop concerts, there is no guarantee that it will continue to remain popular in the future. In the event that the UHD format takes popularity over the Full HD format and largely replaces the Full HD format for the pop concert market, the demand for our existing visual display equipment which supports the Full HD format would decline and we may suffer a loss of business from our customers if we are unable to upgrade our equipment to support the UHD format or procure sufficient quantity of suitable visual display equipment which support the UHD format in a timely manner, or at all. As such, if we fail to keep pace with the technological advancement in our industry and stay abreast of market trends, our competitiveness, profitability and financial performance would be adversely affected.

We have a concentrated customer base and any significant decrease in the number or size of projects with our major customers would adversely affect our operations and financial results

A significant portion of our revenue was derived from a small number of customers during the Track Record Period. Our five largest customers' revenue contribution for FY2015, FY2016 and 1H FY2017 accounted for approximately 85.2%, 79.7% and 78.9% of our revenue of the same period, respectively. For the same period, our largest customer accounted for approximately 47.8%, 36.8% and 24.4% of our revenue, respectively. In particular, Customer A was our largest customer for FY2015 and FY2016 and the third largest customer for 1H FY2017, accounting for approximately 47.8%, 36.8% and 16.7% of our total revenue during the same periods, respectively.

Due to the project-based nature of our business, we generally do not enter into any long-term master service agreement with our customers. Our involvement in each project is generally one-off and non-recurring in nature. As such, there is no assurance that our customers will engage us to provide visual display solutions again for future projects. If there is a significant decrease in the number or size of projects in terms of contract sums awarded by our major customers to us for

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whatever reasons, and if we are unable to obtain suitable projects of comparable size and quantity as replacement, our financial conditions and operating results will be materially and adversely affected. Besides, if any of our five largest customers experiences any liquidity problem, it may result in delay or default in settling payments to us, which in turn will have an adverse impact on our cash flows and financial conditions.

We anticipate that our dependence on a limited number of customers will continue for the foreseeable future. While it is part of our business strategies and future plans to diversify our customer base and business platform to capture a wider group of customers, including public relations firms, advertising agencies, retail brands and corporate customers for their needs of visual display services for corporate events and exhibitions, there is no guarantee that our plans for diversification will be successful or will achieve the benefits we anticipate.

Our continued success depends on the dedicated efforts and extensive industry experience of our key management personnel and our ability to retain our technical staff, and any loss of their service may impair our ability to maintain our continued success

The continuation of our success depends on the contribution and dedication of our key management personnel. Our management team has extensive experience in the visual display solution industry. Mr. Yeung, our founder and executive Director, and Mr. Tam, our executive Director, have around 10 and 14 years of relevant industry experience, respectively, and are equipped with the specialised knowledge and requisite expertise necessary for overseeing the various stages of our project operation, including pre-execution consultation on visual effect design and technical feasibility, customisation of visual display solutions, procedures involved in the structural installation of the visual display equipment and on-site operation of video control units, as part of the visual display solution package we offer to our customers. Mr. Yeung, in particular, plays a pivotal role in leading our business in the industry and is involved in both managerial tasks and devising customised visual display solutions. Over the years since our establishment, our management team has fostered constructive business relationships with our suppliers for visual display equipment and customers in the entertainment industry and built our reputation as a market leader as a visual display solution provider for pop concerts in Hong Kong. If any of the key management personnel resigns or otherwise ceases to serve us, we may not be able to maintain our business relationship with existing suppliers and customers, and to identify and secure new business opportunities.

In addition, our capability of delivering quality and effective visual display solutions for our customers depends on our ability to retain employees with relevant technical knowledge and expertise. Our projects involve technical requirements in various stages including assessing the type of visual display equipment required by our customers, providing accurate measurements in the form of pixel diagrams with regards to the specifications of different types of LED panels, providing structural design and specification requirements of power boxes to ensure stable and sufficient power supply for the smooth running of our equipment, and providing on-site general technical support. The performance of these technical tasks requires specialised knowledge and experience. However, there is no assurance that we will be successful in retaining and continually motivate our existing employees. In addition, due to the requirements for specialised knowledge and experience, we may

RISK FACTORS

experience difficulties in recruiting sufficient labour in a timely manner and at reasonable costs in the event our existing or future projects demand additional manpower for completion. If we are unable to hire and retain a sufficient number of visual technicians to sustain our operational flow, we may delay the execution of our projects or unable to complete at all.

We may not be able to successfully materialise our future plans, achieve our business objectives and yield the anticipated benefits

Our future plans as described in the section headed “Statement of Business Objectives and Use of Proceeds” in this prospectus is based on current intentions, assumptions and assessments of our management in determining our business strategies according to their view of the industry trends and market conditions. However, our ability to grow progressively and materialise our future plans will be subject to a wide range of operational and financial requirements, including appropriate allocation of capital in implementing the various plans and adequate human resources. The execution of our future plans may also be hindered by other broader factors beyond our control, such as general market conditions, the economic and political environment of Hong Kong and the PRC.

In addition, our Group may not be able to manage our growth effectively in a controlled manner. Any over-expansion could exert pressure on our limited managerial, operational and financial resources and may in turn pose risks to our operational and financial stability. Failure to manage our expansion plans properly may result in increased operational costs but lower profits than anticipated. Therefore, we cannot give any assurance that our future plans will be materialised and that their implementations will yield the anticipated benefits for our business and financial performance.

Any defect in the visual display equipment sourced from our suppliers may adversely affect the reliability and quality of our visual display solutions

The quality of our visual display equipment is pivotal to the reliability of our visual display solutions we offer to our customers. While we select our suppliers carefully based on a number of factors, including the quality of products, their track record and business scale, and inspect our equipment purchases after delivery, certain mechanical or technical defects may be latent and not detectable at the time of procurement. We cannot guarantee that our quality control measures would be effective in avoiding risks of substandard equipment purchases. In the event of defective products, we may not be able to seek timely replacement from our suppliers. We may also experience difficulties in finding alternative sources of supply readily available to provide products at comparable price, quality and quantity in a timely manner to fulfil our project requirements within the required timeline, which may in turn materially affect our ability to deliver our visual display solutions to our customers. As a result, our business reputation and results of operation may be materially and adversely affected.

RISK FACTORS

The non-performance, substandard or delayed performance of our subcontractor may adversely affect our Group's operation

We engage a subcontractor to provide additional installation workers for the on-site installation and dismantling of our visual display equipment during the project execution stage. For FY2015, FY2016 and 1HFY2017, our total subcontracting costs represented approximately 18.1%, 13.8% and 24.2%, respectively, of our total cost of services. The subcontractor may not always have sufficient installation workers readily available when our projects require their supporting services. Our business operation may also be disrupted if our subcontractor experiences financial or other operational difficulties, such as labour dispute or shortage of staff.

In addition, if our subcontractor fails to perform the specified tasks properly and in a timely manner to meet the project's schedule, the smoothness of our operation and the overall performance of our visual display effects may be materially affected. The failure or delay of our subcontractor to provide services that are up to our requirements and compliant with any applicable safety and/ or employment laws and regulations may compromise and undermine the overall quality of our visual display solutions to our customers, which in turn may materially harm our reputation, business and operating results.

Any delay in logistics for delivery of the visual display equipment may materially adverse our flow of operation

We require logistics services rendered by third party in transporting and delivering our visual display equipment from our warehouses located in Hong Kong, Guangzhou and Shanghai to the designated venues for installation and set-up. Therefore, our flow of operation substantially relies on the efficient and punctual delivery of our equipment by the logistics service providers which may be interrupted due to various unforeseeable factors, such as adverse weather conditions and accidents that may obstruct the transportation channels. Any erroneous assessment on our part to factor in the possibility of material delay in the delivery of equipment may result in shortage of the visual display equipment and adversely affect our ability to provide the agreed visual display solutions to our customers.

We recorded net current liabilities during the Track Record Period which exposes us to liquidity risk, and we cannot assure you that we will be able to raise the necessary funds by borrowing from financial institutions to finance our business, operations and capital expenditure in the future

We recorded net current liabilities as at 31 May 2015, 31 May 2016, 30 November 2016 and 31 March 2017. We cannot assure you that we will not experience net current liabilities in the future, which could expose us to liquidity risks. As at 31 May 2015, 31 May 2016, 30 November 2016 and 31 March 2017, we recorded net current liabilities of approximately HK\$16.3 million, HK\$12.3 million, HK\$14.8 million and HK\$12.0 million, respectively, mainly because we financed our capital expenditure (comprising primarily the purchase of visual display equipment) by the combination of cash flows from operation and bank borrowings, among which a majority was classified as current liabilities owing to the repayment on demand clause. Please see "Financial Information — Net Current Liabilities" for further details of our net current liabilities position.

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There is no assurance that we will be able to raise the necessary funds by borrowing from financial institutions to finance our business, operations and capital expenditure in the future. In the event that the financial institutions providing existing banking and credit facilities do not continue to extend similar or more favourable facilities to us and we fail to obtain alternative banking and credit facilities on reasonable terms, or at all, our business, financial condition and operating results may be adversely affected.

The success of our business is closely linked to the entertainment industry which is characterised by changing market trends and consumers' preferences

As we focus on providing visual display solutions for pop concerts during the Track Record Period, our continued success is largely dependent on the sustainability and growth of the entertainment industry. However, the market response for pop concerts may vary based on a number of factors including popularity of the performing artistes, effectiveness of the marketing and promotion of the pop concerts. Due to the close link between our business and the entertainment industry, any stagnation or decline in growth of the latter may materially and adversely affect our business prospects, financial condition and performance.

Any postponement or cancellation of our projects may affect the availability of our visual display equipment, disrupt our flow of operation and result in loss of income

Due to the project-based nature of our business model, we rely on careful scheduling of the projects we engage in to maximise the utilisation of our visual display equipment. However, a project may be postponed or even cancelled for reasons which may be beyond our control and not be foreseeable in the circumstances including, among others, adverse weather condition, non-compliance with the relevant licensing requirements with respect to the stage set-up, and the health conditions and availability of the performers. If the project concerned is subsequently postponed or cancelled, we may be unable to find another customer for a new business engagement to utilise the equipment allocated for the project during the specified timeslot within a short period of time. In FY2016, we experienced postponement of one pop concert show due to the health problem of the artist involved. For details relating to the cancellation and/or postponement of our projects during the Track Record Period, please refer to the paragraph headed “Business — Business Model — Workflow of pop concerts — Initial stage — Issuance and acceptance of quotation” in this prospectus. Although we adopted an internal policy in May 2017 where we request for non-refundable deposit of at least 50% of the total service fee to be made upon acceptance of quotation under certain circumstances (as further explained in the paragraph headed “Business — Business Model — Workflow of pop concerts — Initial stage — Issuance and acceptance of quotation”) which helps hedge against the risk of any cancellation and/or postponement of projects, we cannot ensure that we can receive such deposit from our customers. Further, visual display service providers such as our Group are generally not entitled to contractual compensation in the event of cancellation of projects due to incidents beyond the control of the counterparty, such as the non-performance of the shows because of the health problem or injury of the artists involved. While we may already have incurred costs in preparation for the project and procurement of visual display equipment, we may not be able to claim the total service fees from our customers in such event, which might adversely affect our business operation and financial position. In addition, if the project is postponed, it may clash with the next scheduled project.

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Under such circumstances, our manpower, operational resources and our visual display equipment may not be sufficient to support the execution of two concurrent projects. We may be forced to forego one project and face potential liability for the default of our contractual obligations under the other project agreement.

In July 2016, we were engaged by IEC Group to provide visual display service for Concert Tour A. Based on the contract on hand and quotations issued but not declined as at 31 March 2017, it is currently expected that 81 shows of Concert Tour A will be completed by the year ending 31 May 2017, representing approximately 25.4% of the total number of our pop concert shows expected to take place for the same year. Based on the latest information currently available to our Directors, it is expected that almost half of our total pop concert revenue will be attributable to Concert Tour A during the same period. Up to 31 March 2017, we have provided services for a total of 64 shows of Concert Tour A in the PRC, Hong Kong, Taiwan and Singapore. There is no guarantee that the remaining shows of Concert Tour A will continue to be held as scheduled. In the event of any early cancellation of Concert Tour A or termination of the relevant agreements between (i) the organiser of Concert Tour A and IEC Group and/or (ii) IEC Group and us, we may not be able to claim against our customer for the total service fees as agreed in the said agreement, resulting in loss of income and thus affecting our business and financial positions.

The quality of our visual display services may be affected by any unexpected technological system failures defects of our visual display equipment

Our business operation is dependent on the use of information technology system, visual display equipment and other mechanical hardware. We also utilise specialised software in the process of generating the desired visual display effects. Even if our employees with relevant specialised knowledge execute the tasks and processes for the project with reasonable care and skills, such equipment and software are subject to unexpected technical glitch, breakdown, malfunction, operational error and sudden power outage. Any material errors, malfunction or failure of the hardware or software may significantly affect our ability to complete the project on schedule. In addition, although we have adopted various quality control measures to ensure the quality of our visual display solutions, there is no guarantee that the visual display equipment we procured from our suppliers and provided to our customers are free from fault and can properly function on the site, especially as electronic products are inherently subject to latent defects which may not be easy to detect upon inspection. If our solutions fail to achieve the specified visual effects as requested by our customers, our customers may refuse to engage us again for their future projects and there is a risk that we may be subject to claim(s) from our customers for the loss and damages arising therefrom. Our operating results and financial conditions may be materially and adversely affected as a result.

There is no guarantee that our safety measures and procedures could prevent the occurrence of industrial accidents of all kinds, which in turn might lead to claims in respect of employees' compensation, personal injuries, and/or property damage against us

The on-site installation and dismantling of visual display equipment and other tasks involved in general stage set-up may require heavy manual operation. Although we did not receive complaints of material occupational safety issues or insurance claim made against us and that we were unaware of any material accidents and injuries during the Track Record Period, there is no assurance that

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accidents will not occur in the future. In addition, despite the safety trainings we have provided to our visual technicians and our close supervision on the work of the installation workers provided by our subcontractor, we cannot guarantee that these measures are effective against risks of injuries and that the individual workers will fully comply with the operational steps. Accidents may occur regardless of any safety precautionary measures taken and may lead to personal injury claims against us.

Under the Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong), we may also be liable to pay such compensation to the installation workers employed our subcontractor if they sustain injury personal injuries in the course of performing the subcontracted work. Therefore, we could be exposed to potential liability with respect to our employees and the installation workers employed by our subcontractor. In the occurrence of any such accidents, we may be rendered liable for medical expenses, medical leave payments, payments for loss of life and property, fines, and other penalties. These would result in significant financial loss and material disruption to our business operation.

Our current insurance coverage may not be adequate to fully indemnify us against our potential losses and liability

We recognise that our operation and business are susceptible to potential losses and our exposure to liability arising from claims of various nature set out in the risk factors above. Our Group has purchased various insurance policies, including all-risks insurance for our storage of visual display equipment at our warehouses, goods-in-transit insurance and employees' compensation insurance, which we believe is in line with common industry practice. Please see "Business — Insurance" for further details of our insurance coverage.

However, the current coverage of our insurance policies may not be adequate to fully compensate for the full extent of the losses suffered by us. Further, any compensation is contingent upon the assessment of the relevant insurance companies in accordance with the terms of the relevant insurance policies. There is no guarantee that we will be indemnified in part or in full in any given case. In the event that we suffer from any losses, damages or liabilities in the course of our business operations which our insurance does not cover, we may not have sufficient funds to cover such losses, damages or liabilities. The resulting payment to cover such losses, damages or liabilities may have a material adverse effect on our business, operating results and financial position.

Our warehouses for our visual display equipment are vulnerable to any natural disaster or other unforeseeable events may severely disrupt our business operation

Our warehouses for the storage of our visual display equipment are located in Hong Kong, Guangzhou and Shanghai in the PRC. We rely on our equipment for the provision of visual display solutions to our customers. Our visual display equipment storage is susceptible to natural disaster, such as flooding and other unforeseeable events including electricity outage, outbreak of fire or discontinuation of other utilities at our warehouse premises beyond our control. Our equipment storage is also exposed to risks of theft, burglary or robbery at our warehouses.

There is no assurance that we will be able to take adequate steps to mitigate the potential impact of such disruptive events effectively. As a result, any of such disruptive events at our warehouses may

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cause material damage to our storage of visual display equipment, lead to substantial loss of its value and incur substantial costs for repair. If our equipment level is materially affected because of the occurrence of any disruptive events and that our suppliers are not able to provide us with the required visual display equipment promptly, our operation may be severely interrupted or even put to a halt. Our operating results and business may therefore be materially and adversely affected.

We are exposed to credit risks in relation to our accounts receivables

We offer credit periods to our major customers for the payment of the contract fees, which generally range from 30 days to 90 days varying with the credit status of the customers. However, there is no guarantee that all customers will settle payment as it falls due. While we have implemented credit control policies including our annual credit review based on the settlement of our accounts receivables in the preceding year, such measures and our current evaluation of the credit status of our customers may not be adequate to safeguard against material credit risks. Our financial position may be materially and adversely affected if any customers delay or fail to pay the amount due. In addition, there may be an adverse impact on our operation as it diverts our management resources, time and attention to pursue any unsettled invoices.

We may not be able to maintain our current market share against our existing and any emerging competitors

While we have established ourselves as a market leader in the visual display solution industry for pop concerts in Hong Kong, we face competition with other providers for similar services in the market which may intensify in the future for an array of reasons. For instance, our existing competitors may develop distinctive competitiveness over us and divert our current customers and future business opportunities. They may also achieve greater market acceptance and recognition and gain a greater market share. Further, according to the Frost & Sullivan Report, it is an increasing trend for live event venues, such as convention centres and hotels, to establish professional in-house visual display service teams to meet the demand for visual display solutions for large-scale live events. This market trend is likely to bring challenges and threats to existing specialised visual display solution providers like us and may diminish our market share and limit our business expansion.

In addition, potential competitors from overseas countries may emerge in the market in Hong Kong and enjoy significant competitive advantages over us, such as longer operating history, larger capacity of visual display equipment and significantly greater financial, technical and marketing resources. If we fail to compete against such emerging competitors, we may lose our major customers and future customers. Therefore, there is no assurance that our current business strategies will sustain our competitiveness in the future as the industry landscape changes, particularly in the face of intensified competition from other market players. Our business prospect, operating results and financial conditions could be materially and adversely affected.

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Our growth of business may be limited by the relatively small market size of visual display solutions for pop concerts in Hong Kong

According to the Frost & Sullivan Report, the total industry spending for pop concerts in the visual display solution industry in Hong Kong was approximately HK\$37.0 million in 2015, and it is expected to reach approximately HK\$46.6 million in 2020 with a CAGR of 4.7%. The limited market size may be attributable to constraints in the growth of number of pop concerts in Hong Kong due to factors such as the available of venues for large-scale concerts. The small market size may restrict the potential growth of revenue, as well as the scale and development of our business in Hong Kong.

We may be required to relocate as a result of the potential defective titles of our leased properties and we may be subject to administrative fines as a result of non-registration of our leases

As at the Latest Practicable Date, the lessors of certain of our leased properties in the PRC, which are mainly used as warehouses and workshop, were unable to provide the relevant property ownership certificates to prove their authority to lease us the relevant properties. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any claims or actions being contemplated or initiated by government authorities, property owners or any other third parties with respect to the our leasehold interests in or use of such properties. However, we cannot assure you that our use of such leased properties will not be challenged. In the event that our use of properties is successfully challenged, we may be forced to vacate from these affected properties and if we cannot relocate in a timely manner, we may not be able to deliver our visual display solutions to our customers within the required timeline.

In addition, as at the Latest Practicable Date, certain lease agreements in respect of our leased properties in the PRC have not been registered with the relevant PRC government authorities. During the Track Record Period and up to the Latest Practicable Date, we did not receive any rectification order or were subject to any fine in respect of non-registration of lease agreements. However, there can be no assurance that the relevant authorities will not request us to register our leases. If we fail to complete the registration as requested by the relevant authorities, we may be subject to administrative fines.

If any of the above events happens, there may be an adverse impact on our business operation and financial condition.

We may be subject to fines and penalties under applicable PRC laws and regulations for failure to make adequate contributions for social insurance and housing provident fund for our employees

During the Track Record Period, certain of our PRC subsidiaries failed to make adequate social insurance and housing provident fund contributions for our employees as required by the relevant PRC laws and regulations. We estimate that the total outstanding amounts of social insurance and housing provident fund contributions as at 31 May 2015, 31 May 2016 and 30 November 2016 were approximately RMB76,334, RMB301,171 and RMB597,050, respectively.

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During the Track Record Period and up to the Latest Practicable Date, we did not receive any orders or demands from the relevant PRC government authorities requesting our Group to pay these unpaid contributions or any penalties. As advised by our PRC Legal Adviser, the relevant PRC authorities may request us to pay the outstanding contributions within a prescribed time period and we may also be subject to penalties for late payments.

If the relevant PRC government authorities order us to make the outstanding contributions or impose penalties on us, or if our provision in our financial statements turns out to be insufficient, and we fail to enforce the Deed of Indemnity, our business, financial condition and operating results could be adversely affected. Please see “Business — Legal Compliance” for further details.

We may be exposed to claims for intellectual property infringement or misappropriation which may have a material adverse impact on our flow of operation and financial performance

As our visual display solutions substantially rely on the creative applications of visual display technologies, we may unknowingly infringe the patent or other intellectual property rights owned by third parties with respect to certain technological innovations. In addition, as the video contents are provided by our customers for our integration to generate the desired visual display effects, they may be subject to copyright or other legal protections. We have no control over the compliance of our customers with the relevant intellectual property laws and regulations and as a result we may be implicated in infringement disputes over the video contents. As intellectual property disputes may be protracted for a long period of time, our financial and operational resources as well as our management’s attention may be diverted from our business needs in dealing with the proceedings. If the dispute results in any unfavourable judgment against us, we could be liable to pay substantial license fees, royalties and/or damages, which may result in material and adverse impact on our operating results and reputation.

Any natural disaster and epidemic of contagious diseases in Hong Kong, the PRC or countries where our projects are held may have a materially adverse effect on our business operations and financial condition

Our business operation is susceptible to general economic and social conditions of the countries where our projects take place. Natural disasters and epidemics of contagious diseases affecting humans, such as H5N1 avian influenza, Ebola, severe acute respiratory syndrome (“SARS”), Middle East Respiratory Syndrome (“MERS”), Zika virus as well as influenza caused by H7N9 and H3N2 or human swine flu might result in unfavourable business operating conditions for us and our customers such as a decline in the entertainment industry and general reluctance of our customers to go to pop concerts or events due to heightened risks of contracting the infectious disease in crowded places. There may also be slowdown in economic growth and overall negative business sentiment. Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the economy in Hong Kong. A recurrence of SARS or an outbreak of any other epidemics in Hong Kong, such as the H5N1 avian influenza, MERS, human swine flu and Zika virus, could interrupt our operations or the operations of our customers, which could have a material adverse effect on our business, financial condition, operating results and prospects.

RISK FACTORS

The trend of our historical financial information may not be indicative of our financial performance in the future

For FY2015, FY2016 and 1HFY2017, our revenue amounted to approximately HK\$26.8 million, HK\$40.8 million and HK\$26.6 million, respectively and our net profit amounted to approximately HK\$1.1 million and HK\$6.9 million for FY2015 and FY2016, respectively. We recorded a net loss of approximately HK\$2.6 million for 1HFY2017, which was mainly due to the non-recurring Listing expenses of approximately HK\$8.1 million. Such historical figures for our financial performance are reflective of our past performance only and may not necessarily be indicative of our financial performance in the future. The increase in revenue and profit during our Track Record Period may not necessarily reflect a positive trend for our business prospects which will be highly dependent on our ability to secure new project contracts with our existing customers, expand our source of customers and identify new business opportunities and to control our operational costs and expenditures. We cannot give any assurance that we would achieve comparable or higher level of financial performance in the future as we achieved during the Track Record Period.

RISKS RELATING TO THE ECONOMIC AND POLITICAL CONDITIONS IN HONG KONG

Our operational stability and financial performance may be adversely affected by the state of Hong Kong's economy and politics

Our business performance and financial conditions depend on the state of economy in Hong Kong. We operate our principal business in Hong Kong and our total revenue during the Track Record Period was mainly attributable to the Hong Kong market. If there is a downturn in the economy of or political instability in Hong Kong, our operating result and financial position may be materially and adversely affected. In addition, as an international financial centre, the economy of Hong Kong is susceptible to material fluctuations, volatility, disruptions or downturn of the broader global economic and financial environment, particularly to the developments in the PRC. Any regional, national or global economic recession or stagnation may have a material adverse impact on our financial condition.

Hong Kong is a special administrative region of the PRC. It enjoys a high degree of autonomy under the principle of "one country, two systems" in accordance with the Basic Law of Hong Kong. However, there is no assurance that Hong Kong will continue to enjoy its current level of autonomy from the PRC. Since our business operations are substantially carried out in Hong Kong, any change of Hong Kong's existing political environment may affect the stability of the economy in Hong Kong, thereby affecting our operating result and financial position. Any political and social instability in Hong Kong, if significant and prolonged, could also have a material adverse effect on our business, financial condition, operating results and prospects.

Unfavourable changes in government regulations and policies to our industry and the entertainment industry may adversely affect our business environment

As at the Latest Practicable Date, we are not required to obtain any licenses or permits for the provision of our visual display solutions to our customers. However, the Hong Kong Government may revise its current regulations and policies unfavourably for our operation and business in the future.

RISK FACTORS

Any imposition of onerous obligations on us to comply with licensing or permits requirements may increase our costs of operation and in turn adversely affect our profitability. We cannot give any assurances that we will successfully obtain all the necessary licenses and permits to continue our business. It is possible that we may be required to suspend our operation until the relevant licenses are issued or even cease certain aspects of our business if we fail to obtain such licenses for reasons that may go beyond our control.

We are subject to the risks of foreign currency fluctuation

Certain of our purchases of our visual display equipment are procured from our suppliers denominated in RMB. Any appreciation of RMB against U.S. dollars or Hong Kong dollars may therefore subject us to increased costs and adversely affects our operating results. Please see “Financial Information — Quantitative and Qualitative Disclosure about Market Risks — Foreign exchange risk” for further details.

RISKS RELATING TO THE SHARE OFFER

There has been no prior public market for the Offer Shares and an active trading market may not develop after the Share Offer

Prior to the Share Offer, there has been no public market for the Offer Shares. The Offer Price may differ from the market prices for the Offer Shares after the Listing. In addition, while we have applied to have the Offer Shares listed on the Stock Exchange, there can be no assurance that an active trading market for the Offer Shares will develop, or if it does develop, that it will be sustained following completion of the Share Offer. There is also no guarantee that the market price of the Offer Shares will not decline below the Offer Price.

The potential volatility in price and trading volume of the Offer Shares may cause substantial losses

The trading price of the Offer Shares is susceptible to significant fluctuations in response to a wide range of factors, which include without limitation:

- variations of our operating results;
- unfavourable changes in the estimates and forecast of our financial performance by securities analysts and agents;
- our competitors’ announcement of material acquisitions, mergers, joint ventures or strategic alliances;
- material change in the composition of our key management personnel;
- loss of our major customers or suppliers;
- material defaults by our customers or suppliers;

RISK FACTORS

- changes in pricing made by us or our competitors;
- our involvement in litigation or material disputes with our suppliers, customers, employees or third party;
- unfavourable development in the visual display services and entertainment industries in general;
- negative changes in investors' perception of our Company and the investment environment in general;
- the liquidity of the market for the Shares; and
- general economic and stock market conditions.

Purchasers of the Offer Shares may experience dilution if we issue additional Shares in the future

The Offer Price is higher than the net tangible asset value per Share immediately prior to the Share Offer. Therefore, investors of our Offer Shares will encounter an immediate dilution in the pro forma net tangible asset value per Share.

In addition, we may consider issuing and offering additional Shares in the future with a view to raising more capital for expansion of our business and operation. Investors of our Offer Shares may experience further dilution in the net tangible asset value per Share of their Offer Shares if we issue the additional Shares at a price lower than the net tangible assets per Share.

Material divestments by our substantial shareholders or Controlling Shareholders, or the expectation of such substantial sale of our Shares, in the public market may have a material adverse impact on the prevailing market price of our Shares.

Sales of substantial amounts of Shares in the public market may materially and adversely affect the prevailing market price of the Shares

Immediately following completion of the Share Offer and the Capitalisation Issue and without taking account of any Shares that maybe allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme. Mr. Yeung, Mr. Chang, and Ms. Ching (through her entire shareholding in UCP) will be beneficially interested in 75% of the issued share capital of our Company through Next Vision, and continue to be our Controlling Shareholders. The sale of substantial amount of our Shares in the public market, is subject to the restrictions of the GEM Listing Rules and contractual lock-up restrictions. While we are not aware of any plans of our Controlling Shareholders to dispose of a substantial interest in our Shares after completion of the Share Offer, we cannot give any assurance that they will not dispose of any of their interests in the Shares upon or after expiration of the applicable lock-up period. Sales of substantial amounts of our Shares in the public market, or the perception that these sales may occur, could lead to material fluctuation of the prevailing market price of our Shares and adversely affect our base of shareholders.

RISK FACTORS

RISKS RELATING TO STATEMENTS MADE IN THIS PROSPECTUS

Forward-looking information included in this prospectus may not be accurate and are subject to risks and uncertainties

The use of terminology in this prospectus such as “anticipate”, “expect”, “believe”, “consider”, “intend”, “going forward”, “plan”, “project”, “seek”, “may”, “ought to”, “should”, “would”, “will” and other similar expressions, are intended to signify forward-looking statements. Such forward-looking statements are made on the basis of certain assumptions and beliefs of our management according to the information currently available to us, and are only reflective of the current views of our management of our future developments which are subject to change. Therefore, they may not materialise as any or all of the assumptions on which they are based could prove to be inaccurate. Investors should read the forward-looking statements included in this prospectus in light of the risk factors set out in this section and with reasonable caution. In addition, unless required under the GEM Listing Rules or otherwise by the Stock Exchange, we do not intend to publicly update or otherwise revise any of the forward-looking statements in this prospectus should there be a change of facts or circumstances in the future. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement and are not intended to be representations or warranties by us.

Statistics and industry information contained in this prospectus may not be accurate and should not be unduly relied upon

Certain facts, statistics and data presented in the section headed “Industry Overview” and elsewhere in this prospectus relating to the industry in which we operate have been derived, in part, from various publications and industry-related sources prepared by government officials or independent third parties. In addition, certain information and statistics set out in that section have been extracted from a market research report commissioned by us and prepared by Frost & Sullivan. We believe that the sources of the information are appropriate sources for such information, and the Sole Sponsor and our Directors have taken reasonable care to extract and reproduce the publications and industry-related sources in this prospectus. In addition, we have no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. However, neither our Company, our Directors, the Sole Sponsor, nor any parties involved in the Share Offer have independently verified, or make any representation as to, the accuracy of such information and statistics. It cannot be assured that statistics derived from such sources will be prepared on a comparable basis or that such information and statistics will be stated or prepared at the same standard or level of accuracy as, or consistent with, those in other publications within or outside Hong Kong. Accordingly, such information and statistics may not be accurate and should not be unduly relied upon.

Investors should avoid placing any reliance on any information contained in press articles or other media coverage on our Company or the Share Offer

Prior to the publication of this prospectus, there may be press or other media, which contains certain information referring to us and the Share Offer that is not set out in this prospectus. We wish to emphasise to potential investors that neither we nor any of the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters, our Directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the “**Professional Parties**”) involved

RISK FACTORS

in the Share Offer has authorised the disclosure of such information in any press or media, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorised by us or any of the Professional Parties. Neither we nor any Professional Parties accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this prospectus or is inconsistent or conflicts with the information contained in this prospectus, we disclaim any responsibility, liability whatsoever in connection therewith or resulting therefrom. Accordingly, prospective investors should not rely on any such information in making your decision as to whether to subscribe for the Offer Shares. You should only rely on the information contained in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the GEM Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, which to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms, on the terms and subject to the conditions set out herein. No person in connection with the Share Offer is authorised to give any information, or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Lead Manager, the Underwriters, and any of their respective directors, agents, employees or advisers or any other party involved in the Share Offer.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Share Offer. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Sole Sponsor and the Share Offer is managed by the Sole Lead Manager and to be fully underwritten by the Underwriters (subject to the terms and conditions of the Underwriting Agreements). Please see “Underwriting” for further information about the Underwriters and the underwriting arrangements.

RESTRICTIONS ON THE SUBSCRIPTION OF THE OFFER SHARES

Each person acquiring the Offer Shares will be required to confirm or by his/her/its acquisition of the Offer Shares will be deemed to confirm that he/she/it is aware of the restrictions on the subscription of the Offer Shares described in this prospectus. Save as mentioned above, no action has been taken in any jurisdiction other than Hong Kong to permit a public offering of the Offer Shares or the general distribution of this prospectus and the Application Forms. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in relation to the public offering of the Offer Shares in any jurisdiction or, in any circumstance in which such an offer or invitation is not authorised, or to any person to whom it is unlawful to make such an offer or invitation.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under any applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities as an exemption therefrom.

Prospective investors for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe the applicable laws, rules and regulations of any relevant jurisdictions.

STRUCTURE OF THE SHARE OFFER

Please see “Structure of the Share Offer” for further details of the structure of the Share Offer.

APPLICATION FOR LISTING ON GEM

Application has been made to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) 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 Share Offer 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 Listing Division, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at all times after the Listing, our Company must maintain the “minimum prescribed percentage” of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

No part of the Shares or the loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange. 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.

HONG KONG SHARE REGISTER AND THE STAMP DUTY

All Shares issued by us pursuant to applications made in the Share Offer will be registered on our branch register of members to be maintained in Hong Kong by Tricor Investor Services Limited. Our principal register of members will be maintained by Estera Trust (Cayman) Limited in the Cayman Islands.

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

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for listing of, and permission to deal in, the Shares on the Stock Exchange and our Company's 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 Listing Date or any other date as determined by HKSCC.

Settlement of transaction 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 stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the Offer Shares. None of our Company, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars at specified rates. You should not construe these translations as representations that the Renminbi amounts could actually be, or have been, converted into Hong Kong dollar amounts at the rates indicated or at all. Unless we indicate otherwise, the translations of Renminbi amounts into Hong Kong dollars have been made at the rate of RMB0.89 to HK\$1.00.

ROUNDING

Amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Wednesday, 14 June 2017. Shares will be traded in board lots of 10,000 Shares each. The GEM stock code for the Shares is 8446.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. Yeung Ho Ting Dennis (楊浩廷)	Flat 22, 11/F Residence Tower 1 The Metropolis 8 Metropolis Drive Hung Hom Kowloon Hong Kong	Chinese
Mr. Tam Chun Yu (譚震宇)	Flat B, 12/F Canaryside 8 Shung Shun Street Yau Tong Kowloon Hong Kong	Chinese
<i>Non-executive Director</i>		
Mr. Law Wang Chak Waltery (羅宏澤)	Flat B, 9/F Elegant Garden 18 Babington Path Mid Level West Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Li Kai Sing (李啟承)	Flat A, 2/F, Block 11 Deerhill Villas Deerhill Bay 4699 Tai Po Road New Territories Hong Kong	Chinese
Mr. Ma Tsz Chun (馬時俊)	Flat A, 2/F, Block 47 Savanna Garden 4283 Tai Po Road Tai Po Kau New Territories Hong Kong	Chinese
Ms. Loh Lai Ping Phillis (羅麗萍)	Room B, 2/F, Block 4 Cavendish Heights 33 Perkins Road Jardine's Lookout Hong Kong	Chinese

For more information on our Directors and members of senior management, see “Directors and Senior Management”.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	Shenwan Hongyuan Capital (H.K.) Limited Level 19 28 Hennessy Road Hong Kong
Sole Bookrunner and Sole Lead Manager	Pacific Foundation Securities Limited 11/F, New World Tower II 16-18 Queen's Road Central Hong Kong
Legal Advisers to our Company	<i>As to Hong Kong Law</i> Sidley Austin 39/F Two International Finance Centre Central Hong Kong <i>As to PRC Law</i> Tian Yuan Law Firm 10/F CPIC Plaza No. 28 Fengsheng Lane Xicheng District Beijing 100032 PRC <i>As to Cayman Law</i> Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong
Legal Advisers to the Sole Sponsor and the Underwriters	<i>As to Hong Kong law</i> Deacons 5th Floor, Alexandra House 18 Chater Road Hong Kong
Auditor and Reporting Accountant	PricewaterhouseCoopers <i>Certified Public Accountants</i> 22/F, Prince's Building Central, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Industry consultant	Frost & Sullivan International Limited 1706, One Exchange Square 8 Connaught Place Central Hong Kong
Compliance adviser	Shenwan Hongyuan Capital (H.K.) Limited Level 19 28 Hennessy Road Hong Kong
Receiving bank	Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central Hong Kong

CORPORATE INFORMATION

Registered office in Cayman Islands	Estera Trust (Cayman) Limited Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Hong Kong	Unit D2, 5/F, Hoi Bun Industrial Building, 6 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong
Company website	www.intechproductions.com <i>(Note: information on this website does not form part of the prospectus)</i>
Company secretary	Ms. Leung Yin Fai (<i>HKICPA, ACCA, CPA Australia</i>)
Authorised Representatives (for the purposes of the GEM Listing Rules)	Mr. Yeung Ho Ting Dennis Flat 22, 11/F Residence Tower 1 The Metropolis 8 Metropolis Drive Hung Hom Kowloon Hong Kong Ms. Leung Yin Fai (<i>HKICPA, ACCA, CPA Australia</i>) Flat B, 7/F Block 7, Bamboo Mansions Site 12, Whampoa Garden 3 Tak Hong Street Hung Hom Kowloon Hong Kong
Compliance Officer	Mr. Yeung Ho Ting Dennis
Audit committee	Mr. Li Kai Sing (Chairman) Mr. Ma Tsz Chun Ms. Loh Lai Ping Phillis
Remuneration committee	Mr. Ma Tsz Chun (Chairman) Mr. Li Kai Sing Ms. Loh Lai Ping Phillis

CORPORATE INFORMATION

Nomination committee	Mr. Yeung Ho Ting Dennis (Chairman) Mr. Ma Tsz Chun Mr. Li Kai Sing
Cayman Islands Principal Share Registrar and Transfer Agent	Estera Trust (Cayman) Limited Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong Branch Share Registrar	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Principal Banker(s)	The Hongkong and Shanghai Banking Corporation Limited No. 1 Queen's Road Central Hong Kong

INDUSTRY OVERVIEW

The information and statistics in this section, unless otherwise indicated, are derived from various private and official governmental publications, publicly available sources and the Frost & Sullivan Report, a market research report prepared by Frost & Sullivan and commissioned by our Group. We believe that the information and statistics are derived from appropriate sources and reasonable care has been taken by our Directors in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false and misleading. Neither our Company, the Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager, the Underwriters, any of our or their respective directors, officers, employees, agents or advisers, or any other person or party involved in the Share Offer makes any representation as to the accuracy, fairness and completeness of such information and statistics. As such, the information from official and non-official sources contained herein should not be unduly relied upon. Furthermore, due to the inherent time-lag involved in collecting any industry and economic data, some of the data contained in this section may only represent the state of affairs at the time such data were collected. As such, you should also take into account subsequent movements in the industry and the Hong Kong economy when you evaluate the information contained in this section. Our Directors confirm that, after taking reasonable care, there has been no material adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have a material impact on the information in this section.

SOURCES OF INFORMATION

Our Group has engaged Frost & Sullivan, an Independent Third Party, to conduct a study of the visual display solution industry in Hong Kong and the PRC. We agreed to pay Frost & Sullivan a fee of HK\$500,000 for the preparation of the Frost & Sullivan Report, and our Directors consider that such fee reflects market rates.

Frost & Sullivan is a global consulting company founded in 1961 in New York and has over 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, customer research, competitive intelligence and corporate strategy. Frost & Sullivan has four offices in Hong Kong and the PRC and direct access to the most knowledgeable experts and market participants in the visual display solution industry.

The methodology used by Frost & Sullivan in gathering the relevant market data in compiling the Frost & Sullivan Report included secondary research and primary interviews. Secondary research involves information integration of data and publication from publicly available resources, including official data and announcements from Hong Kong and the PRC government departments, and market research on industry and enterprise player information issued by our major competitors. Primary interviews are conducted with relevant institutions to obtain objective and factual data and prospective predictions. The information and statistics as set out in this section have been extracted from the Frost & Sullivan Report.

INDUSTRY OVERVIEW

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the following assumptions: (i) the economy of Hong Kong and the PRC are assumed to maintain steady growth across the forecast period; (ii) the social, economic and political environments of Hong Kong and the PRC are likely to remain stable in the forecast period, which ensure the stable and healthy development of the visual display solution industry; and (iii) there is no war or large scale disaster during the forecast period.

Following parameters and statistics have been taken into consideration by Frost & Sullivan in preparing the industry report: (i) GDP value and GDP growth rate of Hong Kong and the PRC from 2010 to 2015; (ii) annual Statistics Reports of Hong Kong Leisure and Cultural Services Department; (iii) Hong Kong Annual Digest of Statistics; and (iv) the PRC Performance Market Annual Report.

VISUAL DISPLAY SOLUTION INDUSTRY IN HONG KONG

Overview

Live event organisers need to build value around their live shows in order to maximise ticket sales, or have to find ways to make the event as compelling, engaging and unforgettable for those in attendance. One way of achieving this is through the introduction of more elaborate visual shows. Visual display equipment, such as LED panels and projectors, are frequently deployed with the help of the latest mapping technology to create entertaining and mind-blowing visual effects in live events. In particular, for certain niche segment like the pop concert market, visual elements which can add personality and dimension to the show have become indispensable and often critical to the success of the event. Furthermore, due to the slumping musical CD sales market and the trend of digitalisation, artists and record companies are more dependent on live performances and pop concerts for revenue generation. They are often willing to have extra budget on visual elements and staging effects to create shows of top-notch quality with excellent graphical presentation to attract audience. As a result, visual display solution providers who have the experience and capability to apply various visual display equipment to deliver customised visual display solutions to meet the creative and artistic ambitions of the event organisers are in big demand.

Sophisticated visual display equipment, such as LED panels and projectors, is one of the key components in the provision of a satisfying visual display solution. In particular, the technological development of LED has brought the LED panels into use in different live events. LED has a useful life of around 50,000 working hours before its lumen output is reduced to 70% of its original brightness. Assuming ten hours of usage per day, a LED can reasonably be expected to have a theoretical useful life of around 13.7 years. However, the actual useful life is normally affected by the surrounding conditions under which the LED is put to work such as temperature and humidity. In addition, during the course of transportation, LED panels are vulnerable to physical damage if not properly protected.

In addition to the selection of the visual display equipment combination, visual display solution providers are also required to adopt suitable video technology format for live events in order to satisfy the needs from live event organisers. For the pop concerts segment, SD was widely used in pop concerts for live recording and playback in the past. Currently, the Full HD format is very effective and efficient for the pop concert market. The Full HD format mostly used in pop concerts is able to

INDUSTRY OVERVIEW

produce visual images of sufficiently high resolution and to deliver high-quality live broadcasting by reducing the time lag between the live recording and playback, which provides satisfactory experience to the audience. The deployment of a higher format, namely UHD, in producing visual images in pop concerts is currently not justifiable on a cost and benefit analysis. Therefore, it is expected that the demand for Full HD format in the pop concert market could last for the next decade.

While there is an increase in the popularity of using LED panels and projectors in live events, the relative high cost of such equipment, high storage cost and the required knowhow in using the latest mapping technologies have discouraged event organisers to purchase and apply the equipment by themselves. Instead, event organisers, through event production houses, usually seek services from visual display solution providers, who possess a wide range of LED panels and projectors and have the proven experience in applying the latest mapping technologies to deliver the required effects for various user situations.

Categorisation of live events

The following table sets out the different categories of live events in which visual elements are typically presented:

Category	Explanation
Pop Concerts	Pop concerts refer to live music performances performed by pop singers in concert tours, local concerts and music festivals.
Corporate Events	Corporate events are private events held by corporations or businesses for their staff, clients or stakeholders for business promotion, which include press conferences, annual meetings, auctions, corporate lectures and seminars, etc.
Sports & Recreational Events	Sports events & recreational events contain two kinds of event types, large-scale public sports events held by government or institutions and small-scale recreation activities held by private group of participants. This category includes events like sports events, social parties, dance and disco nights, schools or campus festival events, religious meetings, etc.
Exhibitions	Exhibitions are large-scale organised presentations and displays of a selection of items or collections, usually for a short period of time. There are a variety of exhibitions, such as commercially focused exhibitions and trade fairs, and art showcase in major museums and galleries.
Other Live Performances	Other live performances refer to large-scale and small-scale live performances or theatre performances for recreational purposes. This includes instrumental performances, acrobatics performances, recitals, magic shows, talk shows, operas, dramas, stage plays, etc.

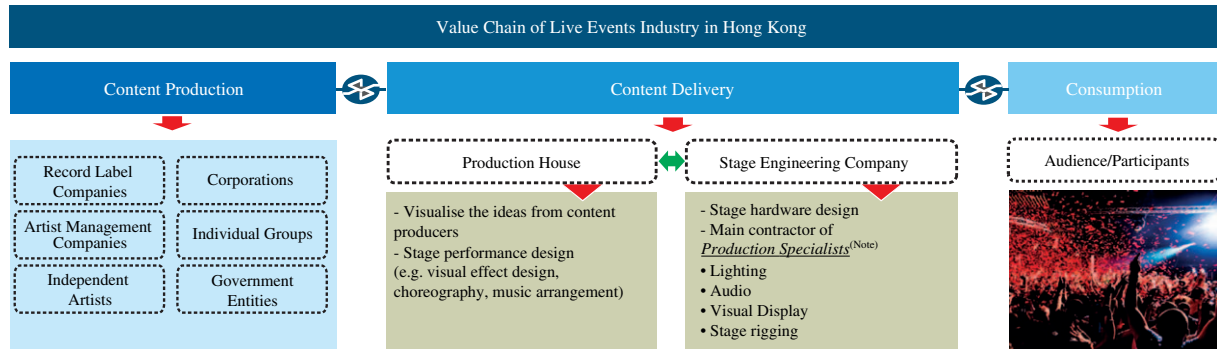
Source: Frost & Sullivan Report

Value chain of the live events industry

Various parties with different functions are required to run a smooth and successful live event. For instance, the value chain of the live events industry starts with the content producer who takes control of the event contents and ticketing. The content producer usually hires production house and stage engineering company to take charge of the content delivery.

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The following flow chart sets out the value chain of the live events industry:



Note: Content producers (e.g. record label companies) and content distributors (e.g. production house) may contact production specialists directly depending on their needs and preference.

Source: Frost & Sullivan Report

The current market landscape for the pop concert market in Hong Kong is concentrated with around 30 to 40 record label companies for content production, with a market share of approximately 80%, whilst, for content delivery, around three stage engineering companies and four production houses accounted for approximately 90% of the market share in terms of revenue in 2015, among which approximately 70% was covered by the three stage engineering companies and approximately 20% was covered by the four production houses. Such stage engineering companies and production houses are privately owned companies based in Hong Kong with an average of over 20 and 10 years of industry experience, respectively. The major roles of production houses include the organisation, promotion, coordination, design and formulation of the rundown of the pop concert. Depending on the complexity of the pop concert, several production houses may be engaged in the same project for large-scale pop concerts and each focuses on performing specific roles. For stage engineering companies, they focus on the provision of services for various technical aspects in setting up of the pop concerts, and may subcontract specific works (e.g. visual display) to other production specialists where necessary.

The value chain for other types of live events, such as corporate events, exhibitions, is very much similar to the pop concert market, with event organisers being in charge of providing the event contents and stage engineering companies handling the content delivery. The market landscape for industry participants in other types of live events is less concentrated as compared to pop concert due to a wider variety of events which leads to a larger base of organisers and producers.

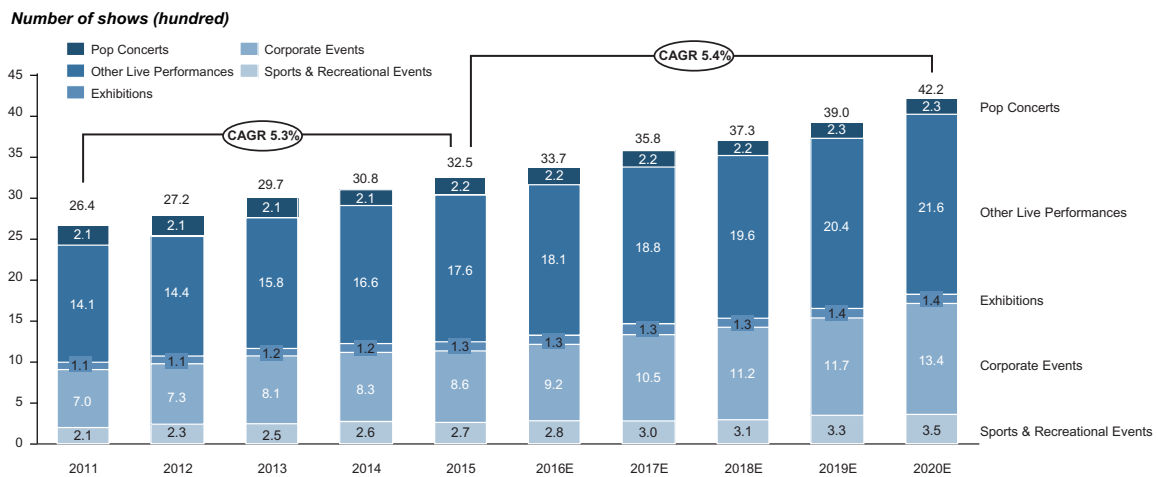
The Hong Kong market

The increase in number of live events has brought a steady growth in the demand for visual display solutions. From 2011 to 2015, the total number of live events applied with visual display solutions increased from approximately 2,640 to approximately 3,250 in Hong Kong, representing a

INDUSTRY OVERVIEW

CAGR of 5.3%. Along with the increasing disposable income and demand for entertainment and recreation, as well as the growing popularity of visual display effects in live events, the total number of live events applied with visual display solutions is estimated to increase to approximately 4,220, representing a CAGR of 5.4% from 2015 to 2020.

Total number of live events applied with visual display solutions



Source: Frost & Sullivan Report

Market Size

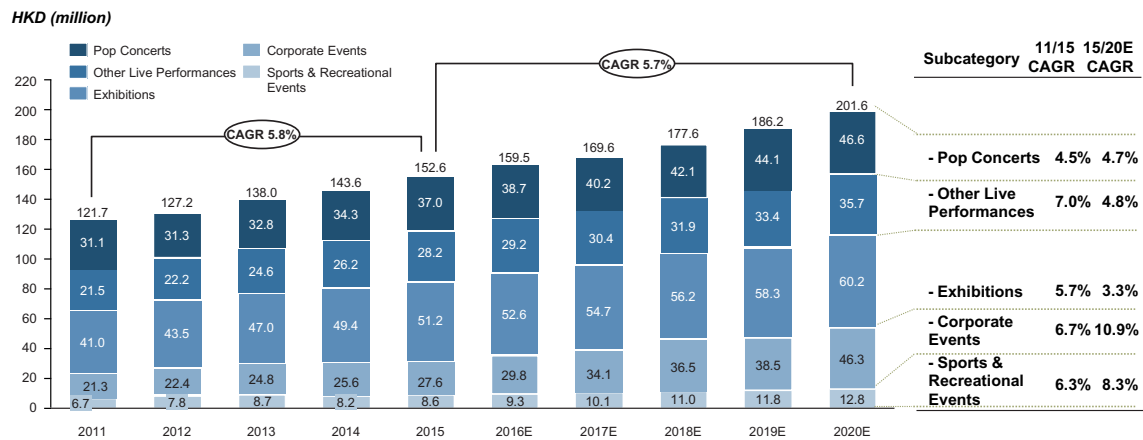
Underpinned by the sustaining growth of Hong Kong's live events industry and the continuous advancement in visual mapping technologies, the industry spending on visual display solutions in Hong Kong increased steadily in recent years. From 2011 to 2015, the total industry spending in the visual display solution industry in Hong Kong increased from approximately HK\$121.7 million to HK\$152.6 million, representing a CAGR of 5.8%. The total industry spending is expected to sustain a stable growth and reach approximately HK\$201.6 million in 2020, representing a CAGR of 5.7% from 2015 to 2020 on the back of the increasing number of live events applied with visual display solutions.

As a major area for the application of visual display solutions, pop concerts accounted for around 24.2% of the total industry spending in the visual display solution industry in 2015, with a CAGR of 4.5% from 2011 to 2015 and is expected to grow with a CAGR of 4.7% from 2015 to 2020.

However, as illustrated in the following diagram, other types of live events experienced a higher growth rate than pop concerts in applying visual display solutions from 2011 to 2015 and save for exhibitions, this trend is expected to remain unchanged until 2020.

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Total industry spending in the visual display solution industry by types of live events



Source: Frost & Sullivan Report

The difference in the growth rates between the industry spending on pop concerts and other live events is mainly due to the limitation in the venue for large-scale pop concerts in Hong Kong. The venues which can cater for an audience of over 5,000 for large-scale pop concerts in Hong Kong are mainly limited to Hong Kong Coliseum, Asia World Expo and Hong Kong Convention and Exhibition Centre. In recent years, the number of large-scale pop concerts held in Hong Kong remained stable at approximately 200 to 230 per year. In contrast, other live events which have less stringent requirements in venue selection, is expected to grow in number, which would lead to a higher growth in the industry spending on visual display solutions.

In addition, visual display solutions are widely applied in Hong Kong pop concerts and have become rather mature for pop concerts as compared to other live events. In 2015, approximately 68.8% of all the pop concerts in Hong Kong had applied visual display solutions, whereas on average, the application rate of visual display solutions for other live events in Hong Kong for the same period was approximately 39.9%. The application rate of visual display solutions for pop concerts is expected to remain stable in the future, whilst there would be an increase in the popularity of applying visual display solutions in other live events.

Market Drivers

Continuous development of Hong Kong's live events industry

The visual display solution industry is largely driven by the live events industry. According to the Frost & Sullivan report, the number of live events applied with visual display solutions in Hong Kong has experienced a concrete growth at a CAGR of 5.3% from 2011 to 2015. It is expected to continue to grow at a CAGR of 5.4% from 2015 to 2020. Therefore, it is anticipated that the continuous development in the live events industry will drive the development of visual display solution industry in Hong Kong.

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Construction of new arenas in Hong Kong

Visual display solutions are usually applied to large-scale live events which require large area to house, such as entertainment centres, coliseums, theatres, or stadiums. Due to the limited number of large venues in Hong Kong, such as Hong Kong Coliseum and Asia World Expo, the number of large-scale live events has been limited by the availability of those arenas. In the coming years, the construction of several large-scale development plans for performance arenas are expected to be completed, such as the West Kowloon Cultural District and Kai Tak Stadium. Therefore, it is estimated that the opening of these new arenas will promote large-scale live events, which in turn boosts the growth of the visual display solution industry.

Increasing demand for high quality stage visual effects

Pop concert organisers have to maximise ticket sales in order to achieve the highest profitability for the event. Not only has the organiser to be able to provide the audience with an outstanding artist performance, but also a show experience that the audience find compelling and unforgettable. Therefore, there are growing needs for creative visual effects to be incorporated into the performance, which leads to the increasing demand for high quality stage visuals and drives the overall industry spending in the visual display solution industry.

VISUAL DISPLAY SOLUTION INDUSTRY FOR POP CONCERTS IN THE PRC

Overview

With the continuous economic development in the PRC, the rising disposable income has supported the increase in expenditure on leisure and recreational needs, such as spending on interests, hobbies and entertainment activities, which also drives the development of pop concerts market in the PRC.

Similar to Hong Kong, visual effects along with other elements such as lighting, audio, and stage design are the key elements of a successful pop concert in the PRC. Besides bringing impressive visual effects to the audience, the application of visual display solutions effectively reduces the distance between the performer and audience, which is essential for large-scale pop concerts in the PRC as they are held in mega-sized venues with average seating of over 15,000 compared to that of around 5,000 in Hong Kong.

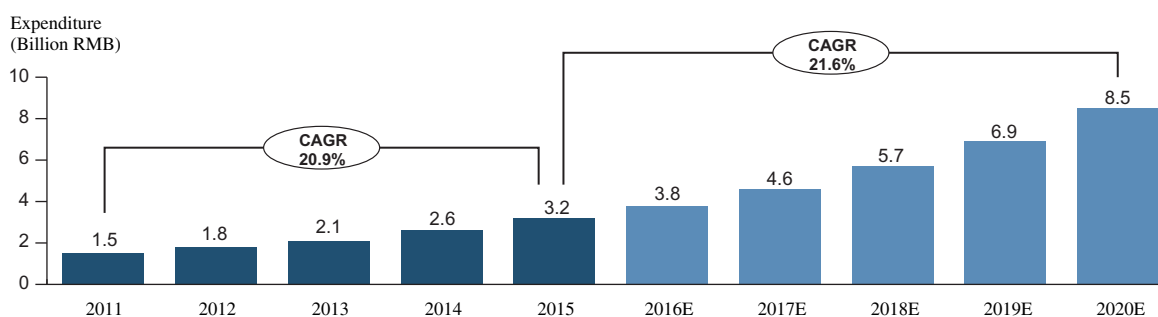
The overall value chain structure of the visual display solution industry for pop concerts in the PRC is similar to that in Hong Kong, with record label companies, artist management companies and independent artists being the content producers, and production houses and stage engineering companies handling the content delivery. However, the concentration level of the industry participants in the PRC is significantly lower than in Hong Kong. In 2015, there were around 100 to 200 record label companies, and around 1500 to 2000 stage engineering companies in the PRC.

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The PRC market

Over the years, the total box office on pop concerts in the PRC has increased from approximately RMB1.5 billion to approximately RMB3.2 billion from 2011 to 2015, representing a CAGR of 20.9%. It is estimated that the total box office on pop concerts will further increase to approximately RMB8.5 billion in 2020. Given the strong growth in the per capita disposable income of urban households in the PRC from approximately RMB21,810 to RMB31,195 for the same period at a CAGR of 9.4%, there has been a strong increase in the per capita spending on pop concerts throughout the period. This indicates that the PRC market is a growing market for visual display solution providers as PRC consumers have become more conscious of the quality of the shows and are willing to pay more for entertainment activities.

Total Box Office of Pop Concerts (PRC), 2011-2020E

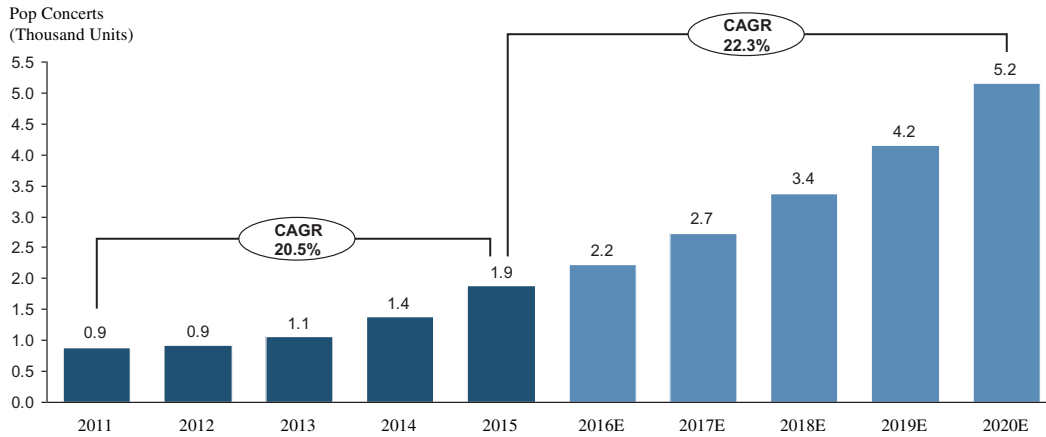


Source: PRC Association of Performing Arts, Frost & Sullivan

The total number of pop concerts has also increased rapidly in the PRC from approximately 900 shows in 2011 to approximately 1,900 shows in 2015, representing a CAGR of 20.5%. Along with the increase in disposable income, consumer spending in the entertainment and media industry, and the popularity of international artists in the PRC, the total number of pop concerts in the PRC is expected to reach approximately 5,200 shows in 2020, representing a CAGR of 22.3% from 2015 to 2020.

INDUSTRY OVERVIEW

Total Number of Pop Concerts (PRC), 2011-2020E

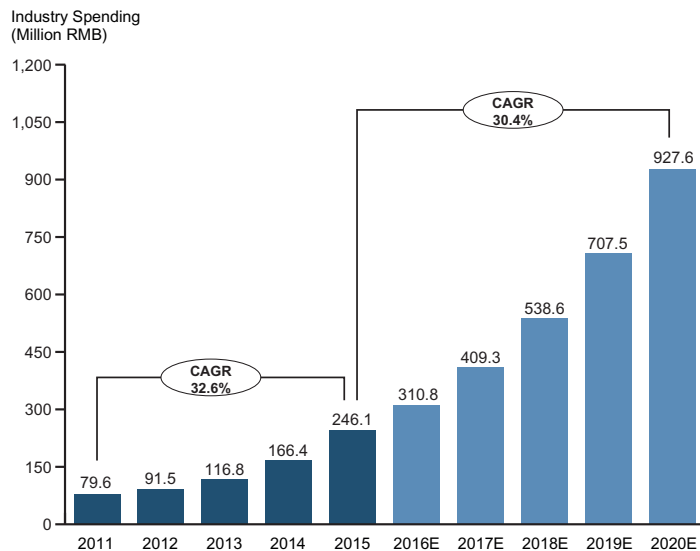


Source: Frost & Sullivan

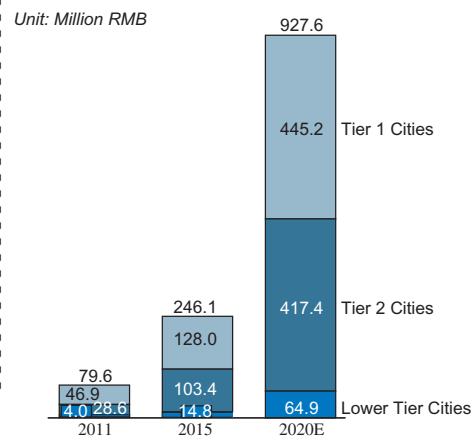
Market Size

The total industry spending on visual display solutions for pop concerts grew rapidly from approximately RMB79.6 million in 2011 to RMB246.1 million in 2015 at a CAGR of 32.6%. Going forward, the market is expected to maintain a rapid growth due to the growing demand for high quality pop concerts in the PRC. It is expected to reach approximately RMB927.6 million in 2020, realising a CAGR of 30.4% from 2015 to 2020.

Industry Spending on Visual Display Solutions for Pop Concerts (PRC), 2011-2020E



Industry Spending on Visual Display Solutions for Pop Concerts by City Tier (PRC) in 2011, 2015 & 2020E



Source: Frost & Sullivan

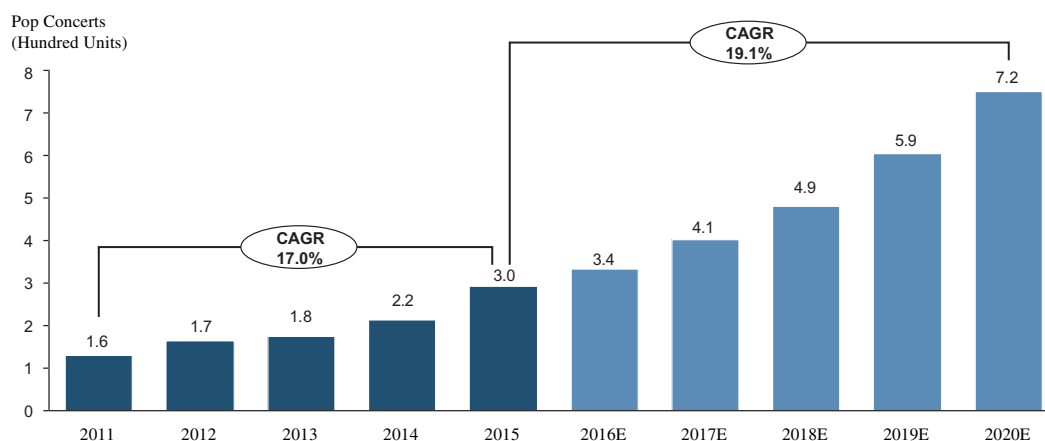
INDUSTRY OVERVIEW

The industry spending on visual display solutions for pop concerts can be further analysed through the contribution from different city tiers in the PRC. According to Frost and Sullivan, tier one cities refer to Beijing, Shanghai, Guangzhou and Shenzhen, while tier two cities are primarily provincial capital cities such as Chengdu, Tianjin and Hefei, and lower tier cities with lower economic growth. Tier one cities have been the major market for pop concerts in the PRC. Owing to the large number of pop concerts in tier one cities and higher standards of stage engineering, tier one cities accounted for around half of the market size in 2015. Going forward, tier one cities are expected to dominate the visual display solution industry with estimated market size of approximately RMB445.2 million in 2020.

Among the tier one cities, Shanghai leads the development of pop concerts visual display solution industry due to the city's economic development, open cultural atmosphere, and strong government support for the development of culture and art industry. In 2015, Shanghai accounted for around 45% of the total industry spending in the visual display solution industry for pop concerts for tier one cities, and the city is expected to maintain its strategic importance as a key market for visual display solutions for pop concerts in the PRC.

The total number of pop concerts in Shanghai has increased rapidly from approximately 160 shows in 2011 to approximately 300 shows in 2015, representing a CAGR of 17.0%. Along with the increasing consumer spending in the entertainment and media industry and the popularity of performance of international artists, the total number of pop concerts in Shanghai is expected to increase to approximately 720 shows in 2020, representing a CAGR of 19.1%.

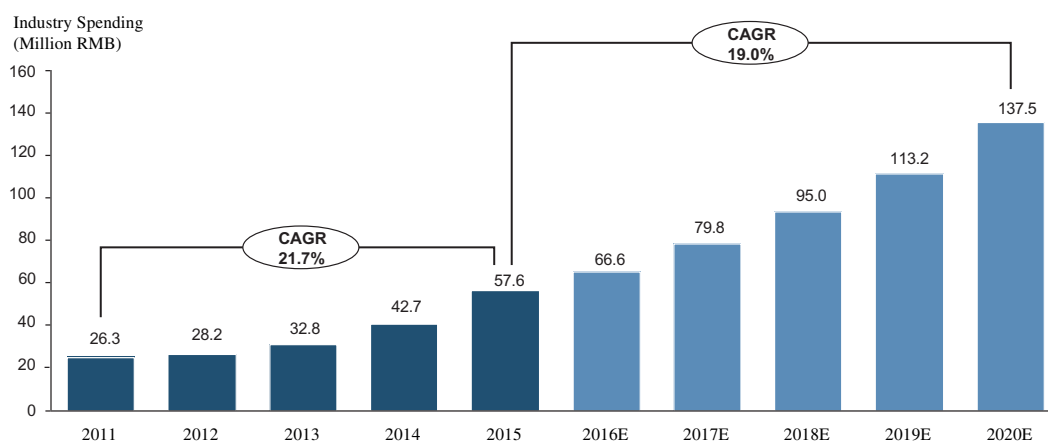
Total Number of Pop Concerts (Shanghai), 2011-2020E



The increase in the total number of pop concerts has led to a rise in total industry spending on visual display solutions for pop concerts in Shanghai from approximately RMB26.3 million in 2011 to approximately RMB57.6 million in 2015, representing a CAGR of 21.7%. Combining with the persisting demand for high quality pop concerts in Shanghai, it is expected that the industry spending on visual display solutions for pop concerts in Shanghai will increase to approximately RMB137.5 million, representing a CAGR of 19.0%.

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Industry Spending on Visual Display Solutions for Pop Concerts (Shanghai), 2011-2020E



Market Drivers

Increasing income and spending on leisure and entertainment activities in the PRC

The contribution of culture, sports, and entertainment to the GDP in the PRC grew from approximately RMB313.4 billion in 2011 to RMB458.5 billion in 2015, representing a CAGR of 10.0%, and the amount is expected to grow further to approximately RMB677.0 billion in 2020. As the figures demonstrated, the mass media and entertainment industry has been rapidly developing, which drives the growth of the pop concert market. With the increase in disposable income per capita in the PRC, consumers are paying more attention to leisure and entertainment activities, which leads to the growing demand for pop concerts and pop concerts related visual display solutions.

Expanding diversity of pop concerts in forms and target audience

With the development of the mass media and entertainment market, more styles of performing arts are introduced to the audience in the PRC. International artists are also expected to penetrate further into the PRC market. It is expected that the increasing diversity of shows and the introduction of international artists will increase the number of high quality pop concerts in the PRC, which would drive the demand for visual display solutions.

Entry Barriers of the Visual Display Solution Industry

Well entrenched business relationships amongst existing players in the industry

Existing players in this market have already set up stable business networks and provided services to their designated customer base. Due to their long business relationship, they have gained extensive understanding on the needs from particular event organiser and stage engineering company, and they tend to engage solution providers which they are familiar with to ensure the quality and stability of the solutions provided. Thus, it would be difficult for new entrants to challenge incumbent players and build their business networks in the initial development stage.

INDUSTRY OVERVIEW

Reputation

Reputation and track records are important factors that affect content producers in choosing visual display solution providers. In particular, the visual display solution industry in the PRC is still in a rapidly developing phase and solution providers differ significantly in terms of quality of equipment, technical knowhow and relevant services. Event organisers primarily rely on brand and reputation when selecting visual display solution providers, especially for large-scale pop concerts with strict requirements for the visual display equipment and services, where quality assurance and risk mitigation are highly valued. As such, service providers with better market recognition and strong track record are much more competitive than new entrants.

Capital investment

New entrants in the visual display solution industry need a large amount of initial investment on visual equipment to guarantee high service quality and adequate equipment availability. It is crucial for new entrants to have sufficient capital support to ensure the procurement of the latest visual display equipment.

Operational experience and technical knowhow

Visual display solution providers need substantial experience and technical knowhow in providing visual display solutions, especially for high-quality well budgeted shows which require high degree of customisation to deliver a unique experience to audience. Specialised knowledge such as equipment assembling and debugging techniques is also required. New entrants might find it difficult to set up a professional team for visual display solutions in a short period of time, especially when most of the skills and technical knowhow are derived from extensive work experience.

VISUAL DISPLAY SOLUTION INDUSTRY FOR POP CONCERTS IN OTHER REGIONS

Macau market

The visual display solution industry for pop concerts in Macau is mature and similar to the Hong Kong market. Benefited from the strong tourism industry and the proximity to Hong Kong and the PRC, there is a strong demand for high quality pop concerts in Macau. Therefore, it is common for regional and international artists to hold pop concerts in Macau. The number of pop concerts has increased from approximately 110 shows in 2011 to approximately 140 shows in 2015, representing a CAGR of 6.2%. It is further expected that the number of pop concerts to be held in Macau will be around 170 shows in 2020, representing a CAGR of 4.0% from 2015 to 2020.

The increase in the number of shows and demand for high quality pop concerts has contributed to the increase in industry spending for visual display solutions in Macau from approximately MOP19.2 million in 2011 to approximately MOP24.6 million in 2015, representing a CAGR of 6.4%. It is expected that the industry spending will further increase to approximately MOP31 million in 2020, representing a CAGR of 4.8% from 2015 to 2020.

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Taiwan market

The visual display solution industry for pop concerts in Taiwan experienced a stable growth in recent years. Nurtured by the strong cultural atmosphere and mature entertainment and media industry, the number of pop concerts in Taiwan increased from approximately 950 shows in 2011 to approximately 1,120 shows in 2015, representing a CAGR of 4.2%. It is estimated that the number of pop concerts in Taiwan will increase to around 1,230 shows in 2020, representing a CAGR of 1.9% from 2015 to 2020.

Similar to the Macau market, the increase in the number of pop concerts and demand for high quality pop concerts have supported the increase in industry spending for visual display solutions in Taiwan, from approximately TWD392.8 million in 2011 to approximately TWD462.6 million in 2015, representing a CAGR of 4.2%. It is expected that the industry spending will further increase to approximately TWD523.0 million in 2020, representing a CAGR of 2.5% from 2015 to 2020.

COMPETITIVE LANDSCAPE OF VISUAL DISPLAY SOLUTION INDUSTRY

Hong Kong

The overall visual display solution industry is very much dominated by the top five solution providers who, in aggregate, accounted for approximately 75.8% of the entire market in 2015. This concentrated market structure is mainly due to the entry barrier of substantial capital investment that new comers need to face in acquiring the initial visual display equipment. More importantly, given the real time nature of live events, organisers would normally opt for those solution providers who possess a strong track record or with whom they have worked with before. Similarly, for the visual display solution industry geared for pop concerts, the top three solution providers accounted for approximately 81.6% of such market. The following tables set out the top market players in the visual display solution industry in Hong Kong in 2015:

Visual Display Solution Industry, 2015					Visual Display Solutions for Pop Concerts Market, 2015			
Ranking	Visual Display Solution Provider	Identity and Background	Industry Spending (Note) (HK\$ Million)	Market Share	Ranking	Visual Display Solution Provider	Industry Spending (Note) (HK\$ Million)	Market Share
1	Company A	The Hong Kong subsidiary of a multi-national event organiser listed on Euronext, Paris. It has over 20 years of industry experience in Hong Kong. It focuses on large scale live events such as exhibitions, corporate events and recreational events.	29.0	19.0%	1	Our Group	15.5	41.9%
2	Company B	A privately owned company based in Hong Kong with over 20 years of industry experience. It focuses on large scale live events such as corporate events, forums and government official events.	27.0	17.7%	2	Company C	11.0	29.7%
3	Company C	A privately owned company based in Hong Kong with over 25 years of industry experience. It focuses on large scale live events such as exhibitions and is also a major player in providing visual display solutions for pop concert market in Hong Kong.	24.4	16.0%	3	Company D	3.7	10.0%
4	Our Group		23.0	15.1%		Others	6.8	18.4%
5	Company D	A privately owned company based in Hong Kong with around 20 years of industry experience. It focuses on live events such as corporate events and recreational events. It also provides visual display solutions to smaller scale pop concerts in Hong Kong.	12.2	8.0%		Top 3	30.2	81.6%
	Others		37.0	24.2%		Total	37.0	100.0%
	Top 5		115.6	75.8%				
	Total		152.6	100.0%				

Source: Frost & Sullivan Report

Note: According to Frost & Sullivan, industry spending represents the actual expenditure incurred by show organisers on visual display solutions. In some cases, the industry spending attributable to a particular service provider may not be equivalent to the revenue recognised by such service provider. Along the value chain of the live events industry, the organiser may often engage a stage engineering company to manage the overall coordination of all the stage work, such as lighting, audio, visual display, stage rigging etc. In such case, the visual display solution provider bills the stage engineering company for equipment rental and service rendered, and the stage engineering company will then add a margin on the bill of the visual display solution provider and bill the event organiser accordingly.

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PRC

Unlike the Hong Kong market, the visual display solution industry for the live events market in the PRC was fragmented with around 2,000 to 3,000 solution providers in 2015 and around 10% of them are considered to have the sufficient amount of visual display equipment to handle large-scale live events. Due to the large number of market players in the visual display solution industry in the PRC, they tend to compete against each other primarily on pricing instead of service quality.

For large-scale pop concerts, the event organisers often have the budget to procure the visual display solutions of top notch quality to attract audience. Therefore, only those solution providers who possess the necessary equipment and the track record can compete against each other in the provision of visual display solutions for large-scale pop concerts. According to Frost and Sullivan, in PRC Eastern Region, there was around 20 to 30 such solution providers in 2015.

COMPETITIVE STRENGTHS OF OUR GROUP

Our Directors believe that our competitive strengths have contributed to our success in the visual display solution industry. Some of our competitive strengths include renowned reputation in the industry, strong capabilities for providing customised visual display solutions, wide variety of visual display equipment in large quantities, and experienced management with strong knowhow. Please see “Business — Our Competitive Strengths” for further details.

CHALLENGES TO THE VISUAL DISPLAY SOLUTION INDUSTRY

Challenges to the visual display solution industry mainly include (i) difficulty in recruiting experienced technical staff and creative expertise to cope with the increasing demand in the industry; and (ii) continuous efforts in keeping abreast of the ongoing advancement in various visual display technologies and applying them in live events.

REGULATORY OVERVIEW

As a visual display solution provider, we provide a range of visual display services, including pre-execution consultation services, customisation and procurement of visual display equipment, provision of visual display equipment, logistics and installation, operation of video control systems and on-site technical support for concerts, shows, sports and recreational activities, events and exhibitions mainly in Hong Kong and the PRC.

LAWS AND REGULATIONS IN HONG KONG

Carrying on business

Under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong), every person (a company or individual) carrying on a business in Hong Kong is required to register with the Inland Revenue Department and is required by the Business Registration Ordinance to obtain a business registration certificate within one month of the commencement of the business. Such business registration serves to notify the Inland Revenue Department of the establishment of a business in Hong Kong and therefore, designed to facilitate the Inland Revenue Department to collect tax from businesses in Hong Kong.

Competition

The Competition Ordinance (Chapter 619 of the Laws of Hong Kong) prohibits conducts that prevent, restrict or distort competition in Hong Kong and prohibits mergers that substantially lessen competition in Hong Kong. The Competition Ordinance lays down three forms of behaviour and imposes three rules which are intended to prevent and discourage anti-competitive conduct:

The first conduct rule under the Competition Ordinance prohibits agreements between undertakings that have the object or effect of preventing, restricting or distorting competition in Hong Kong. The second conduct rule under the Competition Ordinance prohibits undertakings with a substantial degree of market power in a market from abusing that power by engaging in conduct that has the object or effect of preventing, restricting or distorting competition in Hong Kong. The merger rule under the Competition Ordinance prohibits mergers that have or are likely to have the effect of substantially lessening competition in Hong Kong. Currently, the merger rule only applies to the telecommunications sector. Each of the aforesaid rules is however subject to a number of exclusions and exemptions.

The Competition Ordinance has extra-territorial application to agreements and conducts which take place outside Hong Kong, but have the object or effect of preventing, restricting or distorting competition in Hong Kong.

Under the Competition Ordinance, the Competition Commission and the Competition Tribunal have been established. The Competition Commission will be responsible for investigating and bringing enforcement actions before the Competition Tribunal whilst the Competition Tribunal will be responsible for adjudicating competition cases brought by the Competition Commission or via private

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actions. In case of contravention of the competition rules under the Competition Ordinance, the Competition Tribunal has a broad range of sanctions against the offenders including impositions of pecuniary penalty, director disqualifications and prohibition, damage and other orders.

As confirmed by our Directors, our Group has not reached or given effect to any agreement or engaged in any concerted practice, the object or effect of which is to prevent, restrict or distort competition in Hong Kong.

Employment

General rights and benefits of employees

The Employment Ordinance (Chapter 57 of the Laws of Hong Kong) provides for the protection of the wages of employees, regulates general conditions of employment and employment agencies, and contains provisions for related matters. Under the Employment Ordinance, employees who are employed under a continuous contract are entitled to additional benefits including but not limited to rest days, paid annual leave, sickness allowance, severance payment and long service payment.

Where an employer wilfully and without reasonable excuse fails to pay wages to an employee when it becomes due, or fails to pay interest on the outstanding amount of wages to the employee is liable on conviction to a fine and imprisonment. Where an employer who is no longer able to pay wages due, it/he/she should terminate the contract of employment in accordance with its terms.

Minimum wage

The Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) provides for a prescribed minimum hourly wage rate during the wage period for every employee engaged under a contract of employment under the Employment Ordinance. As at the Latest Practicable Date, the prescribed minimum hourly wage rate was HK\$34.5 per hour. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void.

Mandatory provident fund

Under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), employers shall participate in a registered mandatory provident fund scheme (“**MPF Scheme**”) for employees employed under the jurisdiction of the Employment Ordinance. Under the Mandatory Provident Fund Schemes Ordinance, except for exempt persons, employees (full-time and part-time) and self-employed persons who are at least 18 but under 65 years of age are required to join an MPF Scheme.

Under the MPF Scheme, both the employer and each of its employees are each required to make contributions to the plan at 5% of the employee’s relevant income, subject to a monthly relevant income cap of HK\$30,000 for employers and a minimum and maximum monthly relevant income cap

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of HK\$7,100 and HK\$30,000 respectively for employees. Where the employee's income exceeds HK\$30,000, both the employer and employee shall contribute a monthly sum of HK\$1,500 to the plan. This contribution amount will immediately be vested in the employee as his/her accrued benefits in the MPF Scheme. Employers found to have evaded or delayed payment of MPF contributions, deducted employer contributions from an employee's pay, or failed to enrol their employees to an MPF Scheme, may be liable to a financial penalty and potential criminal prosecution.

Employees' compensation

The Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong) establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases.

Under the Employees' Compensation Ordinance, if an employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is in general liable to pay compensation even if the employee might have committed acts of faults or negligence when the accident occurred. Similarly, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents. A principal contractor, being a person who, in the course of or for the purposes of his trade or business, contracts with a sub-contractor for the execution by or under the sub-contractor of any work undertaken by the principal contractor, shall also be liable to pay to compensation to such employees employed by its sub-contractors as if those employees were immediately employed by the principal contractor. Where the principal contractor is liable to pay compensation, he shall be entitled to be indemnified by any person who would have been liable to pay compensation to the employee.

According to Section 40 of the Employees' Compensation Ordinance, all employers (including principal contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the Employees' Compensation Ordinance and at common law for injuries at work in respect of all their employees and the subcontractors' employees (including full-time and part-time employees). An employer who fails to comply with the Employees' Compensation Ordinance to secure an insurance cover is liable on conviction to a fine of HK\$100,000 and imprisonment for 2 years.

According to Section 48 of the Employees' Compensation Ordinance, an employer shall not, without the consent of the Commissioner for Labour, terminate, or give notice to terminate, the contract of service of an employee (who has suffered incapacity or temporary incapacity in circumstances which entitle him to compensation under the Employees' Compensation Ordinance) before occurrence of certain events. Any person who commits breach of this provision is liable on conviction to a maximum fine of HK\$100,000.

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Occupational safety and health

Under the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), employers must ensure the safety and health of their workplace by (i) providing and maintaining plant and work systems that are safe and without risks to health; (ii) making arrangement for ensuring safety and health in connection with the use, handling, storage or transport of plant or substances; (iii) providing all necessary information, instruction, training and supervision for ensuring safety and health; (iv) providing and maintaining safe access to and egress from the workplace; and (v) providing and maintaining a safe and healthy work environment. An employer who fails to comply with the above may be liable on conviction to a fine and imprisonment, if he did so intentionally, knowingly or recklessly.

The Occupational Safety and Health Regulation (Chapter 509A of the Laws of Hong Kong) further sets out basic requirements for accident prevention, fire precaution, workplace environment control, hygiene at workplaces, first aid, as well as what employers and employees are expected to do in manual handling operations.

General

During the Track Record Period and as at the Latest Practicable Date, our Group was not involved in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance was known to our Directors as pending or threatened against any member of our Group in respect of the employment of persons by our Group in Hong Kong.

Intellectual Property

Trademarks

Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong) provides for the registration of trademarks, the use of registered trademarks and related matters. As Hong Kong provides territorial protection for trademarks, trademarks registered in other countries or regions are not automatically entitled to protection in Hong Kong. In order to enjoy protection by the laws of Hong Kong, trademarks shall be registered with the Trade Marks Registry of the Intellectual Property Department under the Trade Marks Ordinance and the Trade Marks Rules (Chapter 599A of the Laws of Hong Kong).

Section 10 of the Trade Marks Ordinance provides that a registered trademark is a property right acquired through due registration under the Trade Marks Ordinance, through which the owner of a registered trademark is entitled to the statutory rights. For details of trademarks for which our Group is the registered owner and proprietor. Please see “Appendix IV — Statutory and General Information — B. Information about our Business — 2. Intellectual property rights of our Group” for details of trademarks material to our business.

REGULATORY OVERVIEW

By virtue of section 14 of the Trade Marks Ordinance, the owner of a registered trademark is conferred exclusive rights in the trademark. The rights of the owner in respect of the registered trademark come into existence from the date of the registration of the trademark. Pursuant to section 48 of the Trade Marks Ordinance, the registration date is the filing date of the application for registration.

Subject to the exceptions under sections 19 to 21 of the Trade Marks Ordinance, any use of the trademark by third parties without the consent of the owner is an infringement of the trademark. Section 18 of the Trade Marks Ordinance further specifies the conducts which amount to infringement of the registered trademark. If infringement by any third party occurs, the owner of the registered trademark is entitled to remedies under the Trade Marks Ordinance, such as infringement proceedings under sections 23 and 25 of the Trade Marks Ordinance.

Trademarks which are not registered under the Trade Marks Ordinance and the Trade Marks Rules may still be protected by the common law action of passing off, which requires proof of the owner's reputation in the unregistered trademark and that use of the trademark by third parties will cause damage to the owner.

LAWS AND REGULATIONS RELATED TO FOREIGN INVESTMENT IN CHINA

Company Law of the People's Republic of China

The Company Law of the People's Republic of China (《中華人民共和國公司法》), which was promulgated by the Standing Committee of National People's Congress on 29 December 1993, came into effect on 1 July 1994, and was subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013, provides that companies established in China may take form of limited liability companies or joint-stock limited liability companies. Each company has the status of a legal person and may own assets in its own name. The Company Law applies to foreign-invested companies unless relevant laws provide otherwise.

Wholly Foreign-Owned Enterprise Law of the People's Republic of China and its implementation measures

The Wholly Foreign-Owned Enterprise Law of the People's Republic of China (《中華人民共和國外資企業法》), which was promulgated by the Standing Committee of the NPC on 31 October 2000, and came into effect on the same day, and the Implementation Measures for the Wholly Foreign-Owned Enterprise Law (《中華人民共和國外資企業法實施細則》), which were promulgated by the State Council on 12 April 2001, came into effect on the same day and amended on 19 February 2014, stipulate that foreign enterprises and other economic organisations or individuals may establish wholly foreign-owned enterprises ("WFOEs") in China. The application for the establishment of a WFOE is subject to the examination and approval by the competent commercial departments before an Approval Certificate is issued.

REGULATORY OVERVIEW

Interim Provisions on Investment Made by Foreign-Invested Enterprises in China

The Interim Provisions on Investment Made by Foreign-Invested Enterprises in China (《關於外商投資企業境內投資的暫行規定》), which were jointly promulgated by MOFCOM and the State Administration of Industry and Commerce on 25 July 2000, stipulate that the provisions of the Interim Provisions Guiding Foreign Investment Direction and the Industry Catalog for Guiding Foreign Investment will govern foreign-invested enterprises' investment in China. Foreign-invested enterprises are not permitted to invest in any sector prohibited to foreign investment. Where a foreign-invested enterprise makes investment in a restricted sector, the foreign-invested enterprise must file an application with the provincial commercial department of the place where the investee company is located. The relevant company registration authority will, in accordance with the relevant provisions of the Company Law and the Regulations on the Administration of Company Registration of the People's Republic of China (《中華人民共和國公司登記管理條例》), decide whether or not to approve the registration. If the registration is approved, a Business License of an Enterprise Legal Person will be issued with the designation "Invested by a Foreign-Invested Enterprise". The foreign-invested enterprise is required to report the establishment of the investee company within 30 days of the date of its establishment to the original examination and approval authority for record-filing.

On 3 September 2016, the Decision of the Standing Committee of the National People's Congress on Revising Four Laws including the Law of the People's Republic of China on Wholly Foreign-owned Enterprises (《全國人民代表大會常務委員會關於修改〈中華人民共和國外資企業法〉等四部法律的決定》) ("the Decision on Revision of Four Laws") was promulgated and took effect on 1 October 2016. The Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) ("the Interim Administrative Measures") was promulgated by the MOFCOM and came into effect on 8 October 2016. The Decision on Revision of Four Laws and the Interim Administrative Measures revised relevant administrative approval provisions of the Law of the People's Republic of China on Wholly Foreign-owned Enterprises (《中華人民共和國外資企業法》), the Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures (《中華人民共和國中外合資經營企業法》), the Law of the People's Republic of China on Sino-Foreign Cooperative Joint Ventures (《中華人民共和國中外合作經營企業法》) and the Law of the People's Republic of China on the Protection of the Investments of Taiwan Compatriots (《中華人民共和國台灣同胞投資保護法》), in which if the incorporation and change of foreign-invested enterprises does not involve the implementation of special access administrative measures prescribed by the state, the examination and approval thereof has been changed to the record-filing administration. The implementation of special access administrative measures prescribed by the state is according to The Industry Catalogue for Guiding Foreign Investment(2015) (《外商投資產業指導目錄(2015)》).

Measures for Administration on Foreign Investment in Commercial Fields

The Measures for Administration on Foreign Investment in Commercial Fields (《外商投資商業領域管理辦法》), which were promulgated by the Ministry of Commerce on 16 April 2004, and came into effect on 1 June 2004, define foreign-funded commercial operators as foreign invested enterprises

REGULATORY OVERVIEW

that engage in wholesale, retail, franchising or commission-based agency commercial activities. Foreign-funded commercial operators are permitted to engage in the operation of distribution services on a wholly foreign-owned basis upon obtaining approval from the relevant provincial commerce department or the MOFCOM.

The Industry Catalogue for Guiding Foreign Investment and Interim Provisions Guiding Foreign Investment Direction

The current Industry Catalogue for Guiding Foreign Investment (《外商投資產業指導目錄》) (the “**Foreign Investment Catalogue**”), which was jointly promulgated by the NDRC and MOFCOM on 10 March 2015, and came into effect on 10 April 2015, and the Provisions on Guiding Foreign Investment Direction (《指導外商投資方向規定》), which were promulgated by the State Council on 11 February 2002, and came into effect on 1 April 2002, classify all foreign investment projects into four categories: (1) encouraged projects, (2) permitted projects, (3) restricted projects, and (4) prohibited projects. If the industry in which the investment is to occur falls into the encouraged category, foreign investment, in certain cases, may enjoy preferential policies or benefits. If restricted, foreign investment may be conducted in accordance with applicable legal and regulatory restrictions. If prohibited, foreign investment of any kind is not allowed.

LAWS AND REGULATIONS RELATED TO LABOUR PROTECTION

Labour Protection and Social Insurance

According to the Labour Law of the PRC (《中華人民共和國勞動法》) effected on 1 January 1995 and amended on 27 August 2009, the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) effected on 1 January 2008 and amended on 28 December 2012 and the Regulations on the Implementation of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) which were issued and became effective on 18 September 2008, an employer must enter into a written labour contract with any employees and the wage or salary must not be lower than the local minimum wage or salary. In addition, an employer must establish a system related to occupation health and safety, provide job training for employees to avoid occupational hazards and protect the rights of employees. When an employer recruits any employees, such employer must inform the employees of the work content, work conditions, work place, occupational hazards, safety conditions and labour compensations.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), which was issued on 28 October 2010 and effected on 1 July 2011, the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), which was issued and effected on 22 January 1999, the Provisional Measures on Maternity Insurance of Enterprise Employees (《企業職工生育保險試行辦法》), issued on 14 December 1994 and effected 1 January 1995, the Regulations on Unemployment Insurance (《失業保險條例》), which was issued and effective on 22 January 1999, and the Regulations on Work Related Injuries (《工傷保險條例》), effected on 1 January 2004 and amended on 20 December 2010, an employer must make contributions to a number of social security funds for its employees, including the basic pension insurance, basic medical insurance, maternity insurance, unemployment insurance and work-related injury insurance. According to the

REGULATORY OVERVIEW

Regulations on Management of Housing Provident Fund (《住房公積金管理條例》), effected on 3 April 1999 and amended on 24 March 2002, an employer must open a housing fund account with the department responsible for the management of housing fund for its employees and make contributions to such housing fund.

Laws and Regulations Relating to Taxation

Enterprise Income Tax

Under the EIT Law and EIT Rules, the tax rate for both domestic-funded enterprises and foreign-invested enterprises is 25%. Under the EIT Law and EIT Rules, enterprises are classified as either “resident enterprises” or “non-resident enterprises”. Enterprises established outside the PRC whose “de facto management bodies” are located in the PRC are considered “resident enterprises” and subject to the uniform 25% EIT rate for their global income. According to the implementation rules of the EIT Law, a “de facto management body” refers to a managing body that exercises, in substance, overall management and control over the manufacture and business, personnel, accounting and assets of an enterprise. Dividends from resident enterprises to their investors, which are treated as resident enterprises, are exempted from withholding tax.

The EIT Law provides that a non-resident enterprise refers to an entity established under foreign law whose “de facto management bodies” are not within the PRC but which have an established or place of business in the PRC, or which do not have an established or place of business in the PRC but have income sourced within the PRC. The EIT Rules provide that after 1 January 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-resident enterprise investors which do not have an establishment or place of business in the PRC, or which have such established or place of business but the relevant income is not effectively connected with the established or place of business, to the extent such dividends are derived from source within the PRC. The income tax on the dividends may be reduced pursuant to a tax treaty between the PRC and the jurisdiction in which the non-resident enterprise investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC.

Business tax

The Temporary Regulations on Business Tax (《營業稅暫行條例》), which were promulgated by the State Council on 13 December 1993, became effective on 1 January 1994, and amended on 10 November 2008 and came into effect on 1 January 2009, provide that entities and individuals must pay business tax if they are engaged in the provision of services with respect to the industries of transportation, construction, finance and insurance, post and telecommunication, culture and sports, entertainments and service prescribed in Temporary Regulations on Business Tax, or transfer of intangible assets or sale of real estate within the PRC.

REGULATORY OVERVIEW

Value-added tax

The Temporary Regulations on Value-added Tax (《增值稅暫行條例》), which were promulgated by the State Council on 13 December 1993, came into effect on 1 January 1994, and amended on 5 November 2008, amended and effective on 6 February 2016, and the Detailed Implementing Rules of the Temporary Regulations on Value-added Tax (《增值稅暫行條例實施細則》), which were promulgated by the MOF and became effective on 25 December 1993, and were amended on 15 December 2008 and 28 October 2011, set out that all taxpayers selling goods or providing processing, repairing or replacement services and importing goods in the PRC shall pay a value-added tax. A tax rate of 17% shall be levied on general taxpayers selling or importing various goods and on taxpayers providing processing, repairing or replacement service; the applicable rate for the export of goods by taxpayers shall be nil, unless otherwise stipulated.

Furthermore, according to the Trial Scheme for the Conversion of Business Tax to Value-added Tax (《營業稅改徵增值稅試點方案》), which was promulgated by the MOF and the SAT, the government launched gradual taxation reforms starting from 1 January 2012, whereby it collected value-added tax in lieu of business tax on a trial basis in regions and industries showing strong economic performance, such as transportation and certain modern service industries.

The Trial Implementing Measures of the Conversion of Business Tax to Value-added Tax (《營業稅改徵增值稅試點實施辦法》), which were promulgated on 24 March 2016, came into effect on 1 May 2016, set out that it collected value-added tax in lieu of business tax in all regions and industries.

Tax Treaties

According to the Arrangement between the Mainland the PRC and Hong Kong for the Avoidance of Double Taxation on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) signed on 21 August 2006, the PRC government may impose tax on dividends payable by a PRC company to a Hong Kong resident, such tax shall not exceed 10% of the gross amount of dividends payable, if a Hong Kong resident holds less than 25% equity interest in a PRC company; and in the case where a Hong Kong resident holds 25% equity interest or more in a PRC company, such tax shall not exceed 5% of the gross amount of dividends payable by the PRC company.

Laws and Regulations Relating to Dividend Distribution

The principal regulations governing distribution of dividends of foreign holding companies include the Company Law of the PRC (《中華人民共和國公司法》) promulgated by the National People's Congress Standing Committee in 1993 and amended in 1999, 2004, 2005 and 2013, the Foreign Investment Enterprise Law of the PRC (《中華人民共和國外資企業法》) promulgated by the National People's Congress Standing Committee in 1986 and amended in 2000, and the Administrative Rules under the Foreign Investment Enterprise Law (《外資企業法實施細則》) promulgated by the State Council in 1990 and amended in 2001. Under the laws and regulations, foreign investment enterprises in the PRC may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, wholly-foreign-owned enterprises in the PRC, like our PRC subsidiary, are required to allocate at least 10% of their respective accumulated profits after tax each year, if any, to fund certain reserve funds unless these accumulated reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

Our history can be traced back to 2009 when ITP (HK) was incorporated in Hong Kong for the provision of visual display solutions with a focus on pop concerts. Our Group was founded by Mr. Yeung, our chairman, chief executive officer and an executive Director, who has nearly 10 years' experience in the visual display solution industry. Mr. Tam, an executive Director, has also been working together with Mr. Yeung since 2009.

Over the years, we have established our reputation as a reliable visual display solution provider for pop concerts, and have gradually received continuous referrals and enquiries for our services for other corporate events, exhibitions, and sports and recreational events. Our team has grown from initially a company with 4 individuals to a group with a total of 82 full-time employees as at the Latest Practicable Date, while the net book value of all our visual display equipment, including LED panels, projectors and video control units, reached approximately HK\$66.4 million as at 30 November 2016.

The key events of the business development of our Group since our establishment are summarised as below:

Month/year	Event
April 2009	Our founder, Mr. Yeung, invested in ITP (HK) to commence our Group's business as a visual display solution provider with visual equipment rented from other third parties
June 2009	ITP (HK) received the first pop concert order in Hong Kong from Engineering Impact Limited
September 2009	We expanded our services to concerts in overseas market
June 2010	We purchased our first LED panels for a World Cup carnival organised by a Hong Kong broadcaster
July 2012	Shiji Tiansheng Cultural was established to provide human resource support for pop concerts and other live events held in the PRC
July 2013	Shiji Tiansheng Technology was established to provide customisation of visual display solutions, repair and maintenance and quality control services support for our Group's operation
October 2014	Shanghai Yingtegao was established to provide visual display solutions for pop concerts and other live events in Shanghai and peripheral areas
December 2015	We applied Mesh LED for a Korean music award ceremony in Hong Kong

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Month/year	Event
August 2016	We applied transparent LED panels for Aaron Kwok de Aa Kode World Tour (舞林密碼世界巡迴演唱會) by Aaron Kwok (郭富城) in Hong Kong
October 2016	We applied a LED dance floor for powerbocking dance using jumping stilts for Concert Tour A by a well-known Hong Kong artist

OUR CORPORATE DEVELOPMENTS

ITP (HK)

We conduct most of our operations through ITP (HK), our indirect wholly-owned subsidiary in Hong Kong. ITP (HK) was incorporated in Hong Kong on 10 March 2009 and principally provides a range of visual display solution services, including pre-execution consultation on visual effect design and technical feasibility, provision of visual display equipment, customisation of visual display solutions, on-site installation in accordance with the stage diagram or other requirements of our customers, and general technical support during the performance predominantly in Hong Kong, the PRC, Macau and Taiwan.

On 14 April 2009, Mr. Yeung acquired one share in ITP (HK) from a nominee shareholder, an Independent Third Party, and became the sole shareholder of ITP (HK).

In the course of the provision of our visual display solutions to concert tour of Taiwanese artists, Mr. Chang, who had been involved in the coordination of such concert tour, became interested in investing in ITP (HK) in view of our expertise in the visual display solution industry and our continuous business growth since establishment. On 1 June 2011, ITP (HK) allotted and issued 7,999 shares and 2,000 shares to Mr. Yeung and Mr. Chang at HK\$1.00 each, being the par value of the shares, respectively. Following the allotment and issue of such shares, Mr. Yeung and Mr. Chang held 80% and 20% of the total issued share capital of ITP (HK) respectively.

In 2013, through the business connection of Mr. Chang, UCP approached us and expressed its interest in investing in ITP (HK). On 22 January 2013, Mr. Yeung transferred 1,000 shares, representing 10% of the entire issued share capital of ITP (HK), to UCP at a consideration of HK\$4 million. The consideration was determined as a result of negotiation with reference to the then estimated profit of ITP (HK) of HK\$4 million for the year ended 31 May 2013 and the price-to-earning ratio of 10.

In 2015, Mr. Chang wished to realise part of his investment in ITP (HK) and as a result, he transferred 500 shares, representing 5% of the total number of issued shares in ITP (HK), to Mr. Yeung at a consideration of HK\$2 million on 6 October 2015. The consideration was determined as a result of negotiation with reference to the average yearly profit of ITP (HK) of HK\$3.6 million for the three years ended 31 May 2015 and the price-to-earning ratio of 10 and settled in October 2015.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Upon completion of the transfers and up to 24 November 2016, ITP (HK) was owned by Mr. Yeung, Mr. Chang and UCP as to 75%, 15% and 10% respectively.

As part of the Reorganisation, on 24 November 2016, ITP (BVI) acquired 75%, 15% and 10% of the issued share capital of ITP (HK) from Mr. Yeung, Mr. Chang and UCP, respectively. Please see the paragraph headed “Reorganisation — Acquisition of ITP (HK) by ITP (BVI)” in this section for details.

Shiji Tiansheng Cultural

On 4 July 2012, Shiji Tiansheng Cultural was established as a limited liability company in the PRC with the registered capital of RMB0.5 million, and was 100% held by ITP (HK) since establishment. On 7 August 2015, the registered capital of Shiji Tiansheng Cultural was increased from RMB0.5 million to RMB3.5 million and ITP (HK) contributed RMB3 million to Shiji Tiansheng Cultural for the capital injection.

The principal business of Shiji Tiansheng Cultural is to provide human resource support for pop concerts and other live events held in the PRC.

Shiji Tiansheng Technology

On 11 July 2013, Shiji Tiansheng Technology was established as a limited liability company in the PRC with the registered capital of RMB0.5 million, and was held by Shiji Tiansheng Cultural, Mr. Pei Mingzhong (a senior management of our Group) and Mr. Pan Zeming (the legal representative of Shiji Tiansheng Technology) as to 70%, 15% and 15% respectively since establishment.

The principal business of Shiji Tiansheng Technology is to provide customisation of visual display solutions, repair and maintenance, and quality control services support for our Group’s operation.

Shanghai Yingtegao

On 14 October 2014, Shanghai Yingtegao was established as a limited liability company in the PRC with the registered capital of RMB1 million, and was 100% held by Shiji Tiansheng Cultural since establishment.

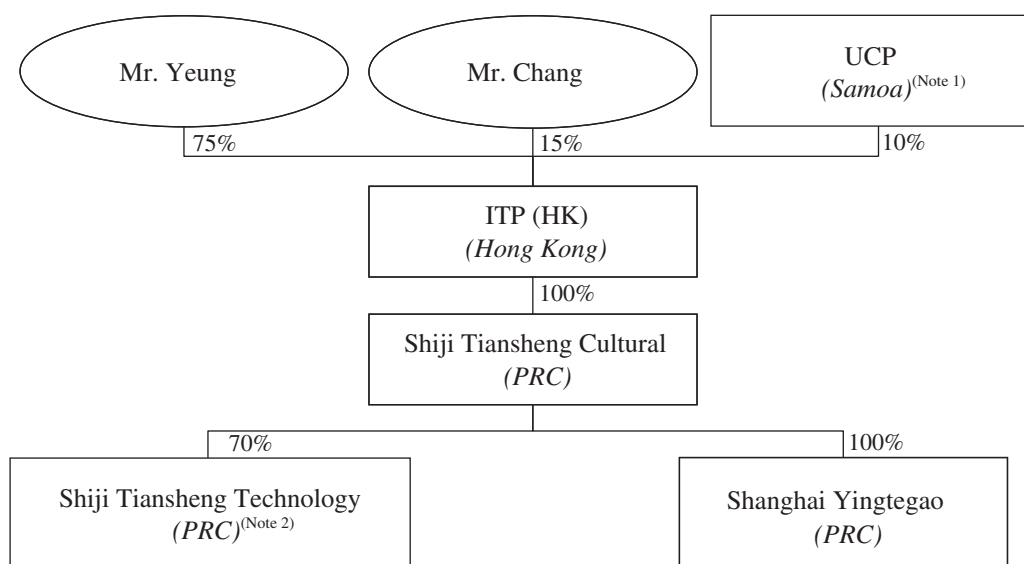
The principal business of Shanghai Yingtegao is to provide visual display solutions for pop concerts and other live events in Shanghai and peripheral areas.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

REORGANISATION

On 4 November 2016, we commenced the Reorganisation in preparation for the Share Offer.

The following chart sets out our Group's corporate and shareholding structure immediately before the Reorganisation:



Notes:

1. As at the Latest Practicable Date, UCP was wholly owned by Ms. Ching.
2. As at the Latest Practicable Date, each of Mr. Pei Mingzhong and Mr. Pan Zeming held 15% of Shiji Tiansheng Technology. Mr. Pei Mingzhong is a member of the senior management team of our Group and Mr. Pan Zeming is the legal representative of Shiji Tiansheng Technology.

Incorporation of our Company

On 4 November 2016, our Company was incorporated in the Cayman Islands as the holding company of our Group. The initial authorised share capital of our Company was HK\$300,000 divided into 30,000,000 Shares with par value of HK\$0.01 each. Upon incorporation, one Share, representing the entire issued share capital of our Company, was held by Next Vision.

Incorporation of ITP (BVI)

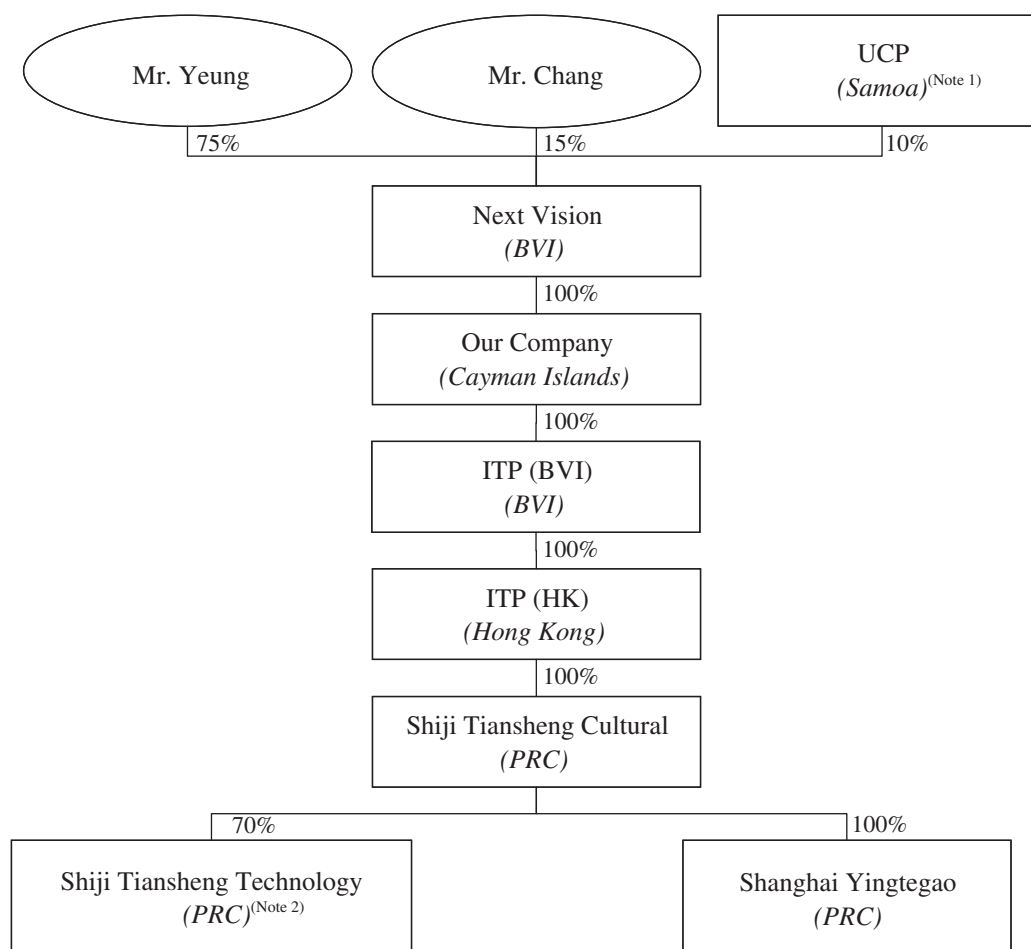
ITP (BVI) was incorporated in the BVI on 9 November 2016 as the intermediate holding company of our Group. ITP (BVI) has the authority to issue a maximum of 50,000 ordinary shares with a par value of US \$1.00 each. Upon incorporation, one share, representing the entire issued share capital of ITP (BVI), was held by our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Acquisition of ITP (HK) by ITP (BVI)

On 24 November 2016, ITP (BVI) acquired 75%, 15% and 10% of the issued share capital of ITP (HK) from Mr. Yeung, Mr. Chang and UCP at a consideration of HK\$24,531,855.38, HK\$4,906,371.08 and HK\$3,270,914.05, respectively. The consideration was determined with reference to the net asset value of ITP (HK), Shiji Tiansheng Cultural, Shiji Tiansheng Technology and Shanghai Yingtegao as at 31 May 2016 as shown in their respective management accounts and was satisfied by ITP (BVI) allotting and issuing 74 shares, 15 shares and 10 shares in ITP (BVI) to our Company, as directed by Mr. Yeung, Mr. Chang and UCP, respectively, on 24 November 2016. Upon completion of the acquisition, ITP (HK) became the directly wholly owned subsidiary of ITP (BVI), which was in turn directly wholly owned by our Company and indirectly wholly owned by Next Vision.

The following chart sets out our Group's corporate and shareholding structure immediately after the Reorganisation, but before the completion of the Share Offer and Capitalisation Issue:



Notes:

1. As at the Latest Practicable Date, UCP was wholly owned by Ms. Ching.
2. As at the Latest Practicable Date, each of Mr. Pei Mingzhong and Mr. Pan Zeming held 15% of Shiji Tiansheng Technology. Mr. Pei Mingzhong is a member of senior management of our Group and Mr. Pan Zeming is the legal representative of Shiji Tiansheng Technology.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

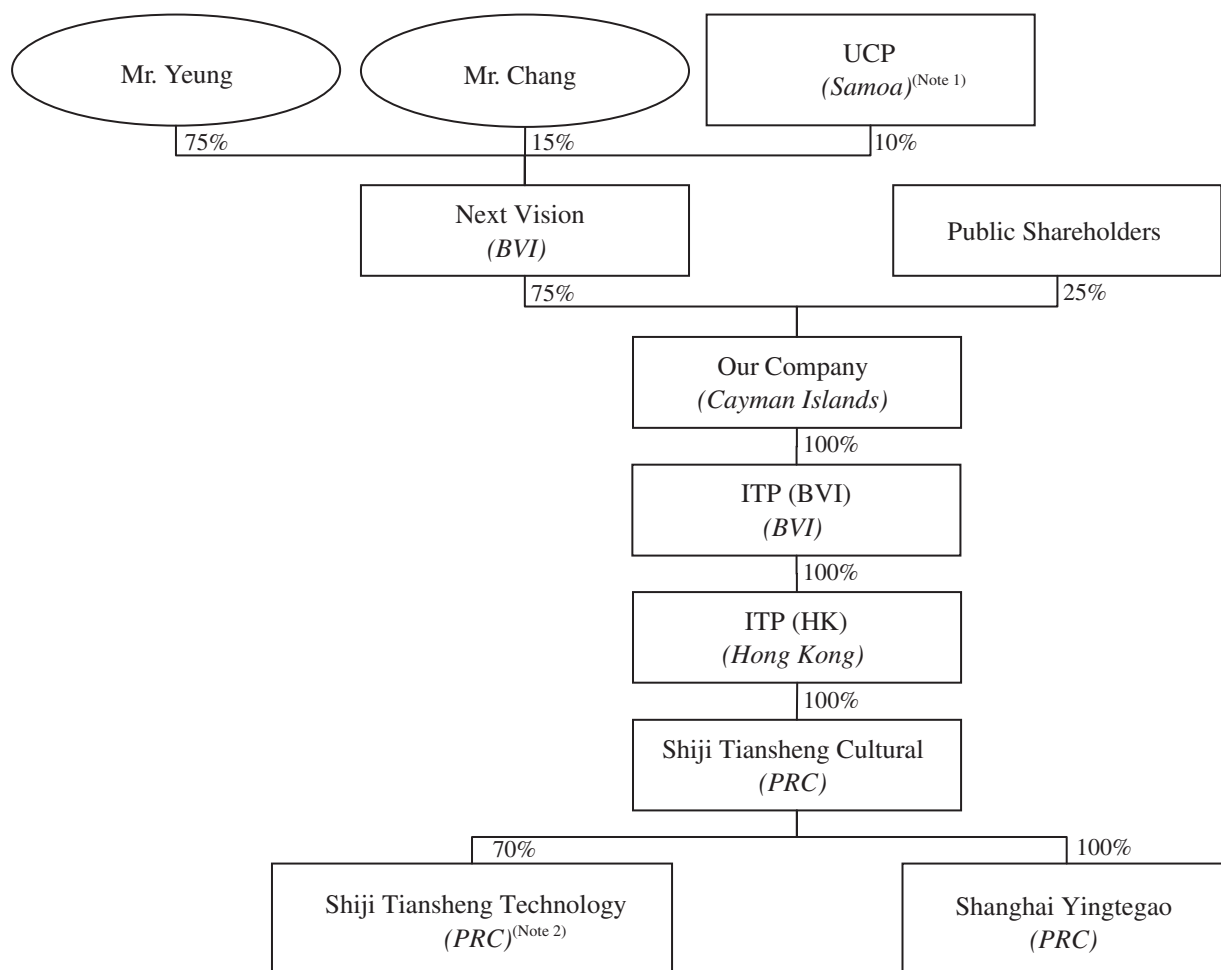
INCREASE OF AUTHORISED SHARE CAPITAL

On 19 May 2017, our Company increased its authorised share capital from HK\$300,000 divided into 30,000,000 Shares to HK\$30,000,000 divided into 3,000,000,000 Shares through the creation of 2,970,000,000 additional Shares.

CAPITALISATION ISSUE

Pursuant to the resolutions in writing of our then sole Shareholder passed on 19 May 2017, our Directors are authorised to capitalise an amount of HK\$11,999,999.98 owing by ITP (HK) to Next Vision by applying such sum towards the paying up in full a total of 599,999,999 Shares for the allotment and issue to the then sole Shareholder of our Company (the “**Capitalisation Issue**”).

The following chart sets out our Group’s corporate and shareholding structure upon completion of the Capitalisation Issue and the Share Offer:



Notes:

1. As at the Latest Practicable Date, UCP was wholly owned by Ms. Ching.
2. As at the Latest Practicable Date, each of Mr. Pei Mingzhong and Mr. Pan Zeming held 15% of Shiji Tiansheng Technology. Mr. Pei Mingzhong is a member of senior management of our Group and Mr. Pan Zeming is the legal representative of Shiji Tiansheng Technology.

OVERVIEW

We are a leading visual display solution provider for pop concerts in Hong Kong. According to the Frost & Sullivan Report, we ranked first in terms of industry spending on visual display solutions for the pop concert market in Hong Kong in 2015, with a market share of approximately 41.9%. In the overall visual display solution industry for live events in Hong Kong, we also ranked fourth in terms of industry spending in 2015 according to the Frost & Sullivan Report.

During the Track Record Period and up to the Latest Practicable Date, we were engaged in over 800 pop concert shows for over 190 Hong Kong and non-Hong Kong artists/ bands, such as Aaron Kwok (郭富城), Alan Tam and Hacken Lee (左麟右李), Fish Leong (梁靜茹), Mayday (五月天), Rene Liu (劉若英) and Sammi Cheng (鄭秀文). We derived over 65% of our total revenue during the Track Record Period from pop concerts, the majority of which took place in Hong Kong, the PRC, Taiwan and Macau. The remainder of our revenue was attributable to other live events, including corporate events, exhibitions, sports and recreational events and other live performances, as well as equipment rental.

Our industry

According to the Frost & Sullivan Report, it is a current trend in the visual display solution industry that more visual elements are incorporated in live events to enhance the entertainment value of the performances and offer visual enjoyment to the audience. Utilising the latest LED applications, projection technology and video mapping techniques, we can make use of the space of the venue to create visual display effects, such as 3D effects observable without 3D glasses, for the audience to enjoy the live events in an immersive and dynamic environment.

Our scope of work

We are capable of providing a wide range of visual display solutions, including pre-execution consultation on visual effect design and technical feasibility, provision of visual display equipment, customisation of visual display solutions, on-site installation in accordance with the stage diagram or other requirements of our customers, and general technical support during the performance, such as operating video control units, so as to ensure smooth display of the video contents and to achieve the desired visual effects for our customers.

Our customised visual display solutions

In order to achieve the desired visual effects for our customers, we offer customised visual display solutions to cater for their specific requests. Leveraging on our industry experience and with the support of our in-house equipment development and maintenance team in the PRC, we are capable of proposing suggestions on the applications of visual display equipment and developing prototypes for trial of new LED applications. Over the years, we have successfully adopted a number of latest LED and projection technologies and equipment for various creative applications for pop concerts, including Mesh LED, transparent LED panels, LED hologram and LED dance floor.

BUSINESS

Our equipment

Our services require the use of various kinds of visual display equipment which can be classified into three main categories, namely, LED panels, projectors, and video control units. As at 30 November 2016, we owned 38,197 units of LED panels covering a total display surface area of around 7,523 sq.m., 25 projectors, and 94 video control units and the net book value of all of our visual display equipment amounted to approximately HK\$66.4 million. Our visual display equipment includes advanced equipment such as high lumen projectors and LED panels that can display videos up to 4K resolution format. We believe our wide variety and ample quantity of visual display equipment allow us to accommodate and cater for the diverse visual display requirements of our customers to generate visual effects for different purposes.

Our strategies

In light of the anticipated growth of the pop concert market in Shanghai, we plan to expand our business in Shanghai by acquiring additional LED panels and video control units. The additional LED panels we plan to acquire have different pixel pitches from the existing LED panels we have. We believe that the newly acquired equipment would further supplement and broaden the range of our equipment to fulfil the varying needs of our customers, and to enhance our equipment availability for our increasing projects in the Shanghai area. We also plan to relocate/recruit additional project manager and visual technicians to enhance our manpower and operational capacity.

In addition, with a view to maximising the utilisation of our wide spectrum of visual display equipment, as well as diversifying our clientele, we plan to further enhance our business presence for providing visual display solutions for corporate events and exhibitions in Hong Kong. To this end, we plan to form a business team dedicated to strengthening our marketing and sales to reach out to a wider group of customers for these events, such as public relations firms, advertising agencies, as well as retail brands and corporate customers. Furthermore, to enhance our equipment management and utilisation, we also plan to develop a tracking system which can record our visual display equipment on a real-time basis.

Our financial performance

For FY2015, FY2016 and 1HFY2017, our revenue was approximately HK\$26.8 million, HK\$40.8 million and HK\$26.6 million, respectively. Our gross profit was approximately HK\$10.4 million, HK\$18.0 million and HK\$12.8 million for the respective periods, representing a gross profit margin of approximately 38.9%, 44.0% and 48.1%, respectively. Our net profit for FY2015 and FY2016 amounted to approximately HK\$1.1 million and HK\$6.9 million, respectively, achieving a year-on-year growth of approximately 533.7%. We recorded a net loss of approximately HK\$2.6 million for 1HFY2017, which was mainly due to the Listing expenses of approximately HK\$8.1 million.

OUR COMPETITIVE STRENGTHS

Leading visual display solution provider for pop concerts in Hong Kong

According to the Frost & Sullivan Report, we ranked first in terms of industry spending on visual display solutions for the pop concert market in Hong Kong in 2015, with a market share of approximately 41.9%. During the Track Record Period and up to the Latest Practicable Date, we were engaged to provide visual display solutions in over 800 pop concert shows for a total of over 190 Hong Kong and non-Hong Kong artists/ bands, such as Aaron Kwok (郭富城), Alan Tam and Hacken Lee (左麟右李), Fish Leong (梁靜茹), Mayday (五月天), Rene Liu (劉若英) and Sammi Cheng (鄭秀文).

We believe that we have forged a renowned reputation in the industry quickly over the years as a result of our customer-oriented, efficient, and high-quality services, and our ability to provide value-added solutions which do not only meet but exceed our customers' expectation. We are capable of providing a wide range of services, including pre-execution consultation on visual effect design and technical feasibility, provision of visual display equipment, customisation of visual display solutions, on-site installation of equipment, as well as general technical support during the performance including operating video control units so as to ensure smooth display of the desired visual effects. We are approached from time to time by new customers who make enquiries on the visual effects generated by our visual display equipment we previously provided for other pop concerts, showing the industry's recognition for the quality and popularity of our visual display solutions. Furthermore, since founded in 2009, we have established a long-standing and close business relationship for seven years with Engineering Impact Limited, one of the leading stage engineering companies in Hong Kong for providing services for various technical aspects in setting up pop concerts and are the preferred visual display solution provider with first priority for its pop concerts projects. We believe our success in gaining our customers' trust is one of the major reasons for our strong market presence as a leading visual display solution provider for pop concerts in Hong Kong, which sets ourselves apart from our competitors.

Strong capabilities for providing customised visual display solutions and in-house repair and technical support

We take pride in our ability to provide customised visual display solutions to our customers. According to the Frost & Sullivan Report, it is a current trend that more visual elements are incorporated in live events to enhance the entertainment value of the performances and offer visual enjoyment to the audience. With the technical support of our in-house equipment development and maintenance team in the PRC and our rich industry experience, we are capable of providing pre-execution consultation to our customers on visual effect design and the technical feasibility of their desired visual display effects, giving suggestions on the applications of visual display equipment to cater for their specific requirements, as well as developing prototypes for trial of new LED applications. We have successfully adopted a number of latest LED and projection technologies and equipment for various creative applications for pop concerts, including Mesh LED, transparent LED panels, LED hologram and LED dance floor. Utilising these latest LED applications, projection

technology and video mapping techniques, we can make use of the space of the venue to create visual display effects, such as 3D effects observable without 3D glasses, for the audience to enjoy the live events in an immersive and dynamic environment. In general, these customised LED applications can be reused and adapted for use in other projects to enhance flexibility and utilisation. For instance, the individual LED panels of the LED dance floor can be detached, restructured and reassembled into different sizes and shapes to suit the needs of different customers.

In addition, our equipment development and maintenance team is capable of repairing technical defects and maintaining our equipment to ensure optimal functionality. With our in-house repair and maintenance capability, we can remedy and resolve technical glitches within a short period of time without placing undue reliance on third party manufacturers which are beyond our control. This enables us to shorten the lead time for the repair of equipment, increase utilisation of our equipment, and ensure the quality of our services to produce the desired visual display effects for our customers in an efficient and flexible manner.

We believe our customised visual display solutions add to the entertainment value of the artists' performance in pop concerts and help attract attention to other live events. We also believe that our in-house equipment development and maintenance capabilities, coupled with our proven track record, has been instrumental for us to establish business relationship with new customers and further diversify our customer base, representing significant competitive advantages over our competitors.

Large quantity and wide range of visual display equipment

Our services require the use of various kinds of visual display equipment which can be classified into three main categories: LED panels, projectors, and video control units. Each category of equipment comprises different types of models and specifications. As at 30 November 2016, we owned 38,197 units of LED panels covering a total display surface area of around 7,523 sq.m., 25 projectors, and 94 video control units, and the net book value of all our visual display equipment amounted to approximately HK\$66.4 million.

Our visual display equipment includes advanced equipment such as high lumen projectors and LED panel that can be used to display videos for Full HD, 2K, 4K resolution formats. Please see the paragraph headed "Our Visual Display Equipment" in this section below for further details.

We store our visual display equipment in our warehouses in Hong Kong, Guangzhou and Shanghai. Our warehouse keepers are responsible for the allocation and logistics arrangement of the visual display equipment to maximise the utilisation of the equipment.

We believe our wide variety and ample quantity of visual display equipment allow us to accommodate the needs of our customers for different purposes. Our equipment storage in sufficient quantities also allows us to have direct control and flexibility in deploying our resources to seize market opportunities, which in turn maintains our quality of services and avoids undue reliance on external parties.

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Experienced management and technical staff with strong knowhow and expertise

Our management team has extensive industry knowledge and experience in providing visual display solutions. Mr. Yeung, our founder and executive Director and Mr. Tam, our executive Director has around 10 and 14 years of experience in the visual display solution industry, respectively. Please see “Directors and Senior Management” for details of the qualifications and experience of our Directors and senior management.

Our equipment development and maintenance team in the PRC also has strong knowhow in devising various LED applications and providing technical solutions for other visual display equipment. Of the seven technical personnel in the team, three of them have obtained a degree or diploma in related technical disciplines, such as mechanical design and mechanical engineering with an average of over seven years of relevant industry experience.

Our management team and technical staff have developed strong synergies in working closely together to provide high-quality visual display solutions. Leveraging on our rich industry experience and knowledge, we have maintained a good network of business contacts with production houses, stage engineering companies and record label companies, which enables us to keep abreast of new business opportunities and secure numerous projects over the years.

OUR BUSINESS STRATEGIES

Expand our business in Shanghai

Strong growth in pop concert market in Shanghai and nearby cities in the eastern region of the PRC

According to the Frost & Sullivan Report, Shanghai is a leading market for pop concerts in the PRC. Shanghai captured approximately RMB640 million box office, representing 40% of the total box office for pop concerts in 2015 of the tier one cities in the PRC. It is expected to attain approximately RMB1,400 million in 2020 with a CAGR of 17%. The total number of pop concerts in Shanghai has also increased rapidly from approximately 160 shows in 2011 to approximately 300 shows in 2015, representing a CAGR of 17.0%, and is expected to increase to approximately 720 shows in 2020, representing a CAGR of 19.1%. Benefitting from the robust pop concert market, Shanghai accounted for approximately 45% of the total industry spending on the visual display solution industry for pop concerts for tier one cities in 2015. It is expected to show considerable growth from approximately RMB57.6 million to approximately RMB137.5 million at a CAGR of approximately 19% from 2015 to 2020. Shanghai is expected to maintain its strategic importance as a key market for visual display solutions for pop concerts in the PRC. In addition, it is expected the total industry spending on visual display solutions for pop concerts in PRC Eastern Region will grow at a CAGR of approximately 22% from 2015 to 2020.

Increasing demand for sophisticated visual display solutions for pop concerts in the PRC

Further, according to the Frost & Sullivan Report, most of the visual display solution providers in the PRC are mainly engaged in the provision of equipment rental services and basic technical support, which involve the application of standard visual display equipment to satisfy the needs of

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small and medium-scale shows and events. Many of these providers do not have the capability and experience to handle large-scale pop concerts. According to the Frost & Sullivan Report, there were only around 20 to 30 visual display solution providers in PRC Eastern Region who possess the necessary equipment and track record to compete in the provision of visual display solutions for large-scale pop concerts in 2015. However, driven by the growth of the pop concert market in the PRC and in particular large-scale concerts, it is expected that the demand for more sophisticated visual display services would also increase in the future. Therefore, it provides market opportunity for our Group to expand its business in the PRC, particularly in Shanghai, to meet such demand.

Implementation of our expansion plan in Shanghai

In line with the development of the pop concert market in PRC Eastern Region, we also demonstrated a continuous growth in our business in PRC Eastern Region. For FY2015, FY2016, 1H FY2017 and the period from 1 December 2016 to 31 March 2017, we had provided visual display solutions for 27, 35, 29 and 16 shows in PRC Eastern Region, respectively, which recorded revenue of approximately HK\$2.6 million, HK\$2.9 million, HK\$4.6 million and HK\$3.4 million during the same periods, respectively. Based on the contract on hand and quotations issued but not declined as at 31 March 2017, there were 26 outstanding shows for our projects in PRC Eastern Region and the value of such prospective projects as at 31 March 2017 (representing the estimated total contract value for the outstanding shows) was approximately HK\$9.6 million. In light of (i) the anticipated growth of the pop concert market in Shanghai and PRC Eastern Region, and (ii) the increasing demand for visual display solutions as mentioned above, we plan to expand our business in Shanghai in order to capture the emerging market opportunities in PRC Eastern Region. To this end, we plan to invest on acquiring additional LED panels and video control units. The additional LED panels we plan to acquire have different pixel pitches from the existing LED panels we have, which can produce visual images of different resolutions for use in projects of different scale and complexity. In addition, we plan to relocate/recruit additional project manager and visual technicians for our Shanghai office to enhance our manpower for our expanded operation and business scale in Shanghai. To maintain the quality of our visual display solutions for our Shanghai projects, we will also allocate an experienced employee from our Hong Kong office to station in Shanghai to provide training to our newly hired visual technicians, as well as supervising and overseeing their task performance.

Benefits for procuring new equipment for our expansion plan in Shanghai

We believe that instead of renting visual display equipment from other providers, procurement of new equipment for our expansion plan in Shanghai will bring us the following benefits:

1. We can maintain stringent quality control over the visual display equipment to be used by our Group to provide visual display solutions as we can carry out regular maintenance and inspection of our equipment to ensure the quality of the visual effects delivered, which is of paramount importance to our reputation as well as our continued success.
2. The acquisition of new visual display equipment is expected to further supplement and broaden the range of our equipment at our current warehouse in Shanghai, thereby enabling our Group to produce different visual effects to satisfy the varying needs of our customers and further set our Group apart from our competitors.

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3. We believe the enrichment of our equipment in Shanghai warehouse in both quantity and variety will enhance our equipment availability and allow us to secure orders from customers in respect of local shows in PRC Eastern Region, which are of shorter lead time (such as those with one week's lead time between the confirmation of specifications and the provision of service). During the Track Record Period, the concert shows in which our Group was involved to provide visual display service in PRC Eastern Region were primarily shows of concert tours, which were generally planned ahead well before the shows. In general we need to arrange for transporting our equipment from Hong Kong, instead of Guangzhou, for the provision of visual display service in PRC Eastern Region as our Guangzhou warehouse primarily serves as temporary storage hubs as a result of our business focus in Hong Kong in the past. It typically requires around 10 days to transport our equipment from Hong Kong to Shanghai based on our previous experience as it takes time for the logistics service providers to obtain the relevant customs clearance and hence, we were not able to take on certain local shows in PRC Eastern Region in the past. According to Frost & Sullivan, the lead time between the confirmation of specifications and the provision of service for local shows in PRC Eastern Region can be as short as one week and under such circumstance, service providers without maintaining equipment locally in the same region suffer comparative disadvantage when competing with those maintaining own equipment locally. As such, our Directors contemplate that by maintaining our own equipment in Shanghai, we will be able to take on more projects for local shows in PRC Eastern Region going forward.
4. In order to enhance our market share in the pop concert market in PRC Eastern Region, our Directors consider that it is important for us to have a sufficient quantity of visual display equipment in Shanghai to maintain our flexibility in deploying our visual display equipment in terms of time and costs, so that we can take on projects of different scale, complexity and timeframe. Our increased equipment availability also allows us to manage our project operation in a more efficient manner, and to capture the business opportunities in PRC Eastern Region even when the required equipment in our other warehouses is utilised for our other projects.
5. Our increased equipment availability in Shanghai is expected to enable us to take on projects in PRC Eastern Region more cost-effectively, by reducing/eliminating the costs and time involved for transporting the necessary equipment from our other warehouses in Hong Kong or Guangzhou. As we plan to engage in more projects in PRC Eastern Region, the service fees to be received by us may not justify the transportation costs involved if the relevant equipment has to be transported from Hong Kong or Guangzhou all the time, especially where the scale of the project is comparatively small. During the Track Record Period, almost all of the shows in PRC Eastern Region for which we provided visual display solutions required transportation of our equipment from Hong Kong and/or Guangzhou to PRC Eastern Region, except on the rare occasion where those equipment we require was stored in Shanghai in transit. During the Track Record Period, for certain projects in PRC Eastern Region, we were responsible for the transportation costs of our equipment and such costs amounted to approximately 9.7%, 9.9% and 10.1% of our revenue generated from such projects, respectively. Our Directors believe that if we have sufficient equipment stationed in Shanghai, we can save transportation costs for our projects in PRC Eastern Region going forward, which provides more incentive for us to take on projects of different scale in the same region.

It is expected that our operation in Shanghai will to a large extent mirror our business model in Hong Kong, which has contributed to our success. Our target customers will include production houses and stage engineering companies in Shanghai. Leveraging on our business network in Shanghai developed through our previous projects, as well as our established reputation as a leading visual display solution provider for pop concerts in Hong Kong, we believe our expansion plan in Shanghai will diversify our source of revenue, enhance our business and operation scale, and entrench our business presence beyond our base in Hong Kong.

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Use of proceeds from the Share Offer for this expansion plan

For our business expansion plan in Shanghai, we intend to apply a total of approximately HK\$11.6 million out of our net proceeds from the Share Offer during the period from the Listing Date up to and including 31 May 2019, among which approximately HK\$10.4 million and HK\$1.2 million will be used for the acquisition of additional LED panels and video control units, respectively. In addition, the total remuneration of the additional project manager and visual technicians to be based in Shanghai is expected to amount to approximately HK\$0.6 million and HK\$0.5 million, respectively, up to and including 31 May 2018, which will be paid out of our internal resources.

Enhance our business presence for providing visual display solutions for corporate events and exhibitions

During the Track Record Period, apart from pop concerts, we also provided our visual display solutions for other live events, which accounted for approximately HK\$6.8 million, HK\$7.4 million and HK\$6.7 million, representing approximately 25.4%, 18.1% and 25.1% of our total revenue for FY2015, FY2016 and 1HFY2017, respectively.

With a view to maximising the utilisation of our wide spectrum of visual display equipment, as well as diversifying our clientele, we plan to further enhance our business presence for providing visual display solutions for corporate events and exhibitions in Hong Kong. To this end, we plan to form a business team dedicated to strengthening our marketing and sales to reach out to a wider group of customers for these events, such as public relations firms, advertising agencies, as well as retail brands and corporate customers. Mr. Tam, one of our executive Directors with prior experience in managing our event projects will lead the team with the assistance of a creative director and a team of visual technicians. The creative director to be recruited is expected to possess at least 10 years of experience in organising creative events or shows in public relations firms or entertainment businesses, and have expertise in managing and coordinating various event organisation works. We believe that our dedicated business team will be constructive in identifying new business opportunities and contribute to developing our customer network and forging our presence as a visual display solution provider serving for corporate events and exhibitions.

In this regard, we intend to apply a total of approximately HK\$1.7 million out of our net proceeds from the Share Offer during the period from the Listing Date up to and including 31 May 2019.

Develop a tracking system to enhance our equipment management and utilisation

With a view to enhancing our equipment management and utilisation, we plan to engage a third-party software developer to devise and develop a tracking system which records the details of our visual display equipment on a real-time basis, including specifications, quantities and location. By developing such a platform, our project managers will gain instant and real-time access to the upgraded equipment database and obtain the latest information on equipment availability. We believe that this tracking system will allow us to respond to our customers' enquiries for our project capacity more promptly to seize business opportunities more effectively and enhance our operational efficiency, which in turn increase our equipment utilisation.

In this regard, we intend to apply a total of approximately HK\$2.0 million out of our internal resources.

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OUR SOLUTIONS

We are capable of providing a wide range of visual display solutions including pre-execution consultation on visual effect design and technical feasibility, provision of visual display equipment, customisation of visual display solutions, on-site installation of visual display equipment, as well as general technical support during the performance, such as operating video control units. During the Track Record Period, we derived over 65% of our total revenue from providing visual display solutions for pop concerts, the majority of which took place in Hong Kong, the PRC, Taiwan and Macau. We also provide our services for other live events such as corporate events, exhibitions, sports and recreational events, and other live performances. Subject to the availability of our visual display equipment, we also occasionally rent out our visual display equipment to our customers.

In Hong Kong, the main venues for pop concerts include Hong Kong Coliseum, Asia World Expo and Kowloon Bay International Trade & Exhibition Centre, whereas the venues for other live events can range from function rooms of hotels to Hong Kong Convention and Exhibition Centre and Asia World Expo. According to the Frost & Sullivan Report, the tier one cities in the PRC for holding large-scale pop concerts include Beijing, Shanghai, Guangzhou and Shenzhen and the main venues for holding pop concerts in the PRC include Shanghai Stadium, Beijing Workers' Stadium, Guangzhou International Sports Arena and Shenzhen Bay Sports Center.

The following table sets out a breakdown of our revenue by source of income during the Track Record Period:

	For the year ended 31 May						For the six months ended 30 November					
	2015			2016			2015			2016		
	<i>No. of shows</i>	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>No. of shows</i>	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>No. of shows (unaudited)</i>	<i>HK\$'000</i>	<i>% of total revenue</i>	<i>No. of shows</i>	<i>HK\$'000</i>	<i>% of total revenue</i>
Visual Display Solutions												
<i>Pop concerts</i>												
- Hong Kong	113	6,740	25.1	133	12,174	29.9	71	5,543	23.9	63	5,734	21.6
- The PRC	55	6,675	24.9	107	9,810	24.0	52	5,195	22.4	77	13,297	50.1
- Macau	28	3,099	11.5	30	3,030	7.4	20	1,575	6.7	4	260	1.0
- Taiwan	23	845	3.2	26	6,275	15.4	26	6,275	27.0	5	330	1.2
- Others ^(Note)	16	76	0.3	2	15	0.0	2	15	0.1	1	150	0.6
	<u>235</u>	<u>17,435</u>	<u>65.0</u>	<u>298</u>	<u>31,304</u>	<u>76.7</u>	<u>171</u>	<u>18,603</u>	<u>80.1</u>	<u>150</u>	<u>19,771</u>	<u>74.5</u>
<i>Other live events</i>												
- Hong Kong	84	6,241	23.3	229	6,481	15.9	97	4,075	17.5	128	5,692	21.5
- The PRC	8	409	1.5	5	673	1.7	1	418	1.8	2	725	2.7
- Macau	1	150	0.6	1	220	0.5	0	0	0.0	2	250	0.9
	<u>93</u>	<u>6,800</u>	<u>25.4</u>	<u>235</u>	<u>7,374</u>	<u>18.1</u>	<u>98</u>	<u>4,493</u>	<u>19.3</u>	<u>132</u>	<u>6,667</u>	<u>25.1</u>
Equipment Rental		<u>2,587</u>	<u>9.6</u>		<u>2,127</u>	<u>5.2</u>		<u>143</u>	<u>0.6</u>		<u>113</u>	<u>0.4</u>
Total		<u><u>26,822</u></u>	<u><u>100.0</u></u>		<u><u>40,805</u></u>	<u><u>100.0</u></u>		<u><u>23,239</u></u>	<u><u>100.0</u></u>		<u><u>26,551</u></u>	<u><u>100.0</u></u>

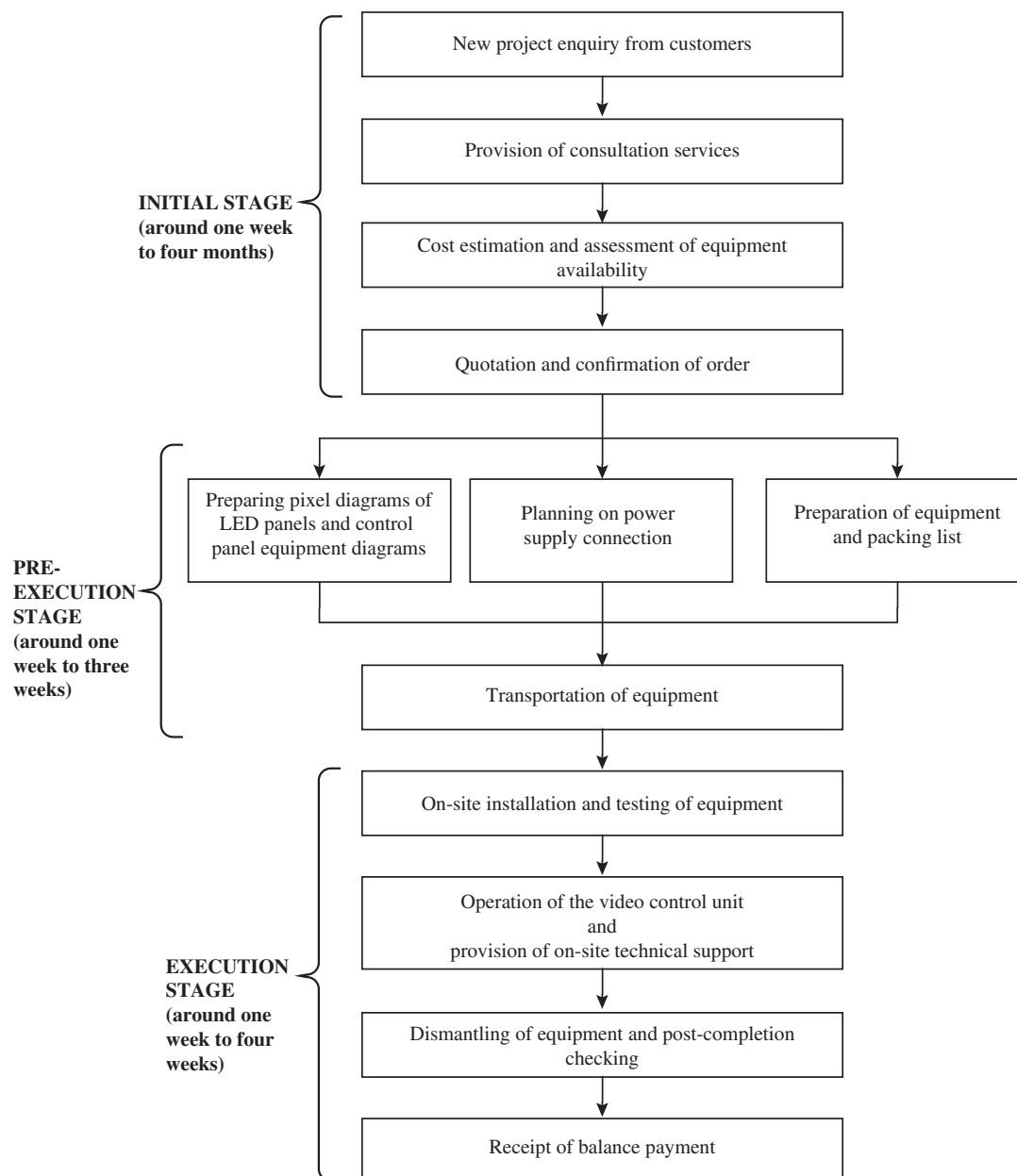
Note: Other geographic locations include Malaysia, U.S. and Australia.

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BUSINESS MODEL

The typical workflow for our visual display solutions provided to our customers for pop concerts is outlined below. The actual processes carried out by us may vary from project to project depending on the requirements of our customers.

Workflow of pop concerts



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Depending on the complexity of the project and subject to the work progress of our customer and other service providers, it generally takes around three weeks to six months from the receipt of enquiries from our customers to completion of execution stage.

Initial stage

New project enquiry from customers

We normally receive enquiries from our customers by email, phone or instant messengers. Mr. Yeung, executive Director, will have an initial discussion with our project manager after receiving enquires from our customers to have a basic understanding of their requests and background of the project such as time, venue, types and quantity of the equipment required and budget.

Provision of consultation services

We are normally invited to participate in the initial production meeting with the customer and service providers engaged for other technical aspects in setting up the pop concert, such as stage rigging, lighting, audio, stage decoration and laser effect.

Through the meeting, we acquire further information regarding the concept of the stage design and our customers' requirements in respect to the visual elements of the performance. Our customer may share with us some initial ideas on the desired specifications of the visual display equipment to be used. Applying our expertise and experience in the industry, we will advise our customers on the technical feasibility and provide customised solutions on the applications of the visual display equipment to achieve the desired visual display effects as conceived by our customers. We may also show visual effect demos for our other projects for our customers' consideration. In addition, we will discuss the feasibility of these ideas with other service providers and coordination with each other's works to achieve the desired results in a collaborative performance.

Cost estimation and assessment of equipment availability

In general, when we determine our total service fees, we take into account a number of factors, including but not limited to, type and quantity of the equipment required, project duration, level of manpower required for on-site installation, dismantling and operation of equipment, as well as transportation costs for our equipment.

We will also check the availability of the equipment required to be used during the requested timeslots with reference to our scheduling for other projects.

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Issuance and acceptance of quotation

After the price is determined, we will issue a quotation to our customer which normally sets out the project duration, types and quantity of equipment required, our service fees, and arrangements for insurance, local license/working permit, transportation and/or accommodation depending on the location of the project. Our quotations are typically valid for a period of up to seven days from the date of issue. If there is any subsequent change in any of these terms due to reasons such as alteration of the stage design by our customers, we will adjust our total service fees accordingly and issue a revised quotation to our customers. According to Frost & Sullivan, it is common that once a quotation issued by visual display solution providers such as our Group is accepted by the customer, the acceptance of such quotation serves as a confirmation for the relevant services to be provided.

As we maintain close collaboration with our customers once the quotation has been accepted, we would normally be notified of postponement or even cancellation of the relevant projects, if any, on a timely basis. As a result, we believe we have sufficient time to re-allocate our equipment to other projects accordingly or look for another customer for a new business engagement to utilise the equipment. In the past, we might also require a deposit of 50% of the total service fee generally (i) when new or overseas customers are involved, (ii) where new visual display equipment needs to be purchased for the project, or (iii) where the relevant contract sum exceeds HK\$1 million. During the Track Record Period, our Group did not refund any deposit to our customers due to cancellation or postponement of projects. In May 2017, we adopted an internal policy where we request for non-refundable deposit of at least 50% of the total service fee to be made upon acceptance of quotation under any of the aforementioned situations. Since the adoption of this internal policy and up to the Latest Practicable Date, we did not issue quotation for projects which fall under any of the aforesaid situations and hence, we have not requested deposit pursuant to this internal policy.

Based on the experience and understanding of our Directors and as confirmed by Frost & Sullivan, cancellation or postponement of concerts in both Hong Kong and the PRC is not common, as such may lead to refund of ticket price from the organisers to the audience and would attract negative coverage from the media, affecting the reputation of the artists concerned. It is therefore expected that save for exceptional circumstances, artists would generally endeavour to deliver their performance. During the Track Record Period, we did not take out any insurance against risk of losses caused by postponement and/or cancellation of pop concerts or live events in which we have been engaged. According to Frost & Sullivan, it is not an industry norm for visual display solution providers in Hong Kong and in the PRC to take out insurance against risk of losses caused by cancellations or postponements of pop concerts or live events. In the unlikely event that any show has to be cancelled or postponed without any alternative option, we generally do not charge the relevant customer for our service fee with respect to the affected show(s) as a gesture of goodwill in order to maintain a good relationship with them.

During the Track Record Period, save as the postponement of one pop concert show in FY2016 due to the health problem of the artist involved, our Group has not experienced any other postponement and/or cancellation of pop concerts or live events after booking of venue by the relevant organisers for the shows we were engaged in. In respect of the above show, we were engaged to provide visual display service for the rescheduled show at an additional service fee of HK\$45,000 in addition to the original service fee of HK\$210,000. For details relating to the risk of cancellation and/or postponement of our projects, please refer to the paragraph headed “Risk Factors — Any postponement or cancellation of our projects may affect the availability of our visual display equipment, disrupt our flow of operation and result in loss of income” in this prospectus.

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The following table illustrates our Group's success rate of quotations issued for our potential projects during the Track Record Period:

	FY2015	FY2016	1HFY2017
Number of quotations issued	212	288	149
Number of invoices issued corresponding to quotations issued	211	283	140
Success rate (%) ^(Note)	99.5	98.3	94.0

Note: Success rate is calculated by dividing (i) the total number of invoices issued corresponding to quotations issued by (ii) the total number of quotations issued during the relevant period.

Our Directors consider that the high success rate of our quotations issued during the Track Record Period was mainly due to the following reasons:

- (i) It is uncommon for our customers to share project information with more than one service providers to obtain fee quotations, due to the confidential nature of such information.
- (ii) According to the Frost & Sullivan Report, production houses and stage engineering companies tend to engage the same service provider with whom they had previous business relationship for the reasons of the reliability of its service and understanding of the usual fee scale to be charged by such service provider. This is consistent with the fact that approximately 79.7%, 72.0% and 56.9% of our revenue was generated from our repeat customers during the Track Record Period, respectively, who have engaged us to provide visual display solutions in the immediately preceding year.

Pre-execution stage

Preparation of pixel diagrams of LED panels and control panel equipment diagrams

In order to create the desired visual effects, our LED panels may be installed on the backdrop or floor of the stage, and/ or around the sides of rising stage platforms. They may also be hung from the ceiling to achieve different purposes for our customers. We will prepare pixel diagrams setting out the position, size, number and resolution format of each LED panel to be used. The video content provider will produce the video to be displayed and split it into several video clips to display on different LED panels according to the pixel diagrams so as to ensure compatibility with the specifications of our LED panels. Our individual LED panels will form a mega-size screen showing the whole video.

We will also prepare control panel equipment diagrams showing the layout of various video control units connected to different LED panels for transforming and synchronising video signals from different sources, processing data and switching video images in an integrated video control system.

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Planning on power supply connection

We may be responsible for the planning of on-site power supply connection for our equipment, which includes calculating the electric power required for the safe and stable operation of our visual display equipment at the venue, and preparing a cable routing diagram demonstrating the path for routing the cables from the power source to the corresponding visual display equipment. We also provide appropriate electric power boxes and connecting cables, and if required, backup power systems, for our customers.

The stage engineering company is responsible for applying for the required licences, permits and/or approvals in relation to the electric power supply for the pop concerts with the relevant authority.

Preparation of equipment and packing list

We will prepare the equipment list and packing list based on the signed quotation which sets out the types and quantities of the equipment required. Our warehouse keepers will then coordinate with each other for allocating, packing and keeping record of the movement of the equipment.

Transportation of equipment

For pop concerts in the PRC, the local stage engineering company will arrange for the transportation of the equipment from our warehouse(s) to the venue. For Hong Kong and other overseas pop concerts, we normally engage third party logistics companies to provide transportation services of our equipment to the designated venues and/or customs clearance (if required). Please see the paragraph headed “Transportation and Delivery” in this section below for further details.

Execution stage

On-site installation and testing

Upon arrival of the equipment at the designated venues, we will normally carry out on-site installation of the equipment in accordance with the stage diagram. We will deploy our visual technicians and additional installation workers from our subcontractor for our projects in Hong Kong to carry out the installation works which may last for one to five days, depending on the quantity of visual display equipment required and complexity of the project. For concerts held in the PRC, the local stage engineering company will normally provide additional casual workers to assist us in the delivery and installation of the equipment.

After all visual display equipment have been installed, we will conduct several rounds of testing at the venue during the rehearsal phrase to ensure that they function properly.

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Operation of the video control units and provision of on-site technical support

In order to display the desired visual effects, our visual technicians will station at the venue to operate the video control units and provide other technical support and repair services to tackle any technical issues that may arise. Our project manager and/or an experienced visual technician designated to be the supervisor in charge will also be present to monitor and oversee the overall operation.

Dismantling of equipment and post-completion checking

After completion of the project, the equipment will be dismantled and delivered back to our warehouses for a thorough inspection of any damage and/or malfunction. Our project manager will supervise the dismantling process to ensure it is performed properly.

However, for equipment requiring repair and modifications for later use, they will first be delivered to our Shenzhen office for further handling before they are returned to the warehouses. Our warehouse keepers will make corresponding arrangement in relation to the allocation, packing and/or transportation of such equipment for the next stop of pop concert or other live event project, where applicable.

Receiving balance payment

Upon completion of the project, we will issue an invoice to our customer requesting for the balance payment. Our customers are normally required to make the balance payment within 30 to 90 days after the completion of project in accordance with the signed quotation and/or agreement.

Other live events and equipment rental

For other live events, we mainly focus on providing visual display equipment, on-site installation of such equipment, as well as general technical support, including operating video control units. We generally take a less active role in providing consultation and customisation of visual display solutions but may also provide such services upon requests of our customers.

For equipment rental, our customers generally pick up and return to us our visual display equipment at our warehouses.

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OUR PROSPECTIVE PROJECTS

Set out below are the movement of the number of shows in our prospective projects based on the contract on hand and quotations issued but not declined as at 31 March 2017:

	For the year ended 31 May		For the six months ended 30 November	For the four months ended 31 March
	2015	2016	2016	2017
Number of outstanding shows based on contract awarded and quotations issued but not declined as at the beginning of the relevant period	3	26	4	94
Number of shows based on new contract awarded during the relevant period:				
— for Concert Tour A in the PRC	—	—	80	—
— for other pop concerts and live events	—	—	—	2
	—	—	80	2
Number of shows based on new quotations issued but not declined during the relevant period ^(Note 1) :				
— for Concert Tour A in areas other than the PRC	—	—	23	9
— for other pop concerts and live events	351	511	269	236
	351	511	292	245
Number of shows completed during the relevant period	(328)	(533)	(282)	(247)
Number of outstanding shows as at the end of the relevant period:				
— based on contracts awarded	0	0	62	50
— based on quotations issued but not declined ^(Note 1)	26	4	32	44
	<u>26</u>	<u>4</u>	<u>94</u>	<u>94</u> ^(Note 2)

Notes:

- We have taken into account the new quotations issued but not declined in determining our prospective projects because we had a success rate of at least 94% for the quotations issued during the Track Record Period. For details, please refer to the paragraph headed “Business Model — Issuance and acceptance of quotation” in this section above.
- Among the 50 outstanding shows based on contracts awarded, Concert Tour A accounted for 48 shows which would be held in the PRC. It is currently expected that 17 and 31 shows of Concert Tour A will be completed for the years ending 31 May 2017 and 31 May 2018, respectively; and the value of our prospective projects for Concert Tour A as at 31 March 2017 was approximately HK\$21.9 million, of which approximately HK\$8.0 million and HK\$13.9 million are expected to be recognised in the years ending 31 May 2017 and 31 May 2018, respectively. The remaining two outstanding shows based on contracts awarded were attributed to another pop concert to be held in the PRC. For the 44 outstanding shows based on quotations issued but not declined, none of them were attributed to Concert Tour A and out of such 44 shows, 18 shows and 26 shows would be held in the PRC and Hong Kong, respectively.

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Based on the contract on hand and quotations issued but not declined as at 31 March 2017, it is currently expected that out of the 94 outstanding shows, 59 and 35 shows will be completed for the years ending 31 May 2017 and 31 May 2018, respectively; and the value of our prospective projects (representing the estimated total contract value for the outstanding shows) as at 31 March 2017 was approximately HK\$30.0 million, of which approximately HK\$15.4 million and HK\$14.6 million are expected to be recognised in the years ending 31 May 2017 and 31 May 2018, respectively.

However, our prospective projects may not materialise as illustrated above and please refer to the paragraph headed “Risk Factors — Our prospective projects are subject to unexpected adjustments and cancellations and, therefore, may not be indicative of our future results of operations” in this prospectus.

OUR CUSTOMERS

We have provided our visual display solutions to 31, 29 and 24 customers for FY2015, FY2016 and 1HFY2017, respectively. Our customers are primarily intermediaries from the live events industry and can be broadly categorised into two types: (i) production houses — companies involved in promoting and coordinating the organisation of live events; and (ii) stage engineering companies — companies primarily involved in providing services for various technical aspects in setting up pop concerts. We also serve record label companies and corporate customers to provide visual display solutions for their live events.

The following table sets out a breakdown of the number of customers as well as our revenue by customer type and their respective percentage of our total venue for the periods indicated:

	For the year ended 31 May						For the six months ended 30 November		
	2015			2016			2016		
	No. of customers	HK\$ (million)	% of total revenue	No. of customers	HK\$ (million)	% of total revenue	No. of customers	HK\$ (million)	% of total revenue
Production houses	11	9.6	35.6	15	9.5	23.3	12	7.7	29.1
Stage engineering									
companies	9	16.0	59.7	9	28.3	69.3	6	16.4	61.7
Others ^(Note)	11	1.2	4.7	5	3.0	7.4	6	2.5	9.2
Total	31	26.8	100.0	29	40.8	100.0	24	26.6	100.0

Note: Other customers include record label companies and corporate customers.

Five largest customers

For FY2015, FY2016 and 1HFY2017, our five largest customers in aggregate accounted for approximately 85.2%, 79.7% and 78.9% of our total revenue, respectively, with our largest customer accounting for approximately 47.8%, 36.8% and 24.4% of our total revenue, respectively. According to the Frost & Sullivan Report, the pop concert market in Hong Kong is concentrated and dominated by around three stage engineering companies and four production houses which accounted for

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approximately 90% of the content delivery market in 2015 in terms of revenue, among which approximately 70% was covered by the three stage engineering companies and approximately 20% was covered by the four production houses. We believe that the significant contribution of our five largest customers to our total revenue reflects such distinctive industry landscape.

With our established reputation, proven track record and strong capabilities in providing quality and customised visual display solutions to our customers, we have maintained business relationship of one to seven years with our five largest customers during the Track Record Period. In particular, we have built solid business relationship with Engineering Impact Limited, one of our largest customers during the Track Record Period for approximately seven years and are its preferred partner with first priority to provide visual display solutions for its pop concert projects.

Our Directors believe that our customers will continue to engage us to provide visual display solutions for their future projects, especially after the completion of Concert Tour A because of the followings:

- (i) According to the Frost & Sullivan Report, production houses and stage engineering companies would generally value reliability of service when engaging visual display solution providers for their live events.
- (ii) Our established reputation and capabilities of delivering quality and reliable visual display solutions attributable to our stringent quality control policies as well as our in-house repair and technical support capabilities have differentiated us from our competitors.
- (iii) We have a wide variety and ample quantity of visual display equipment which allows us to accommodate the needs of our customers for different purposes and for large-scale concerts or events.
- (iv) We have demonstrated to our customers our capabilities, quality and reliability of our visual display solutions over the years, and gained our customers' trust and confidence in our services as evidenced by repeated businesses. For FY2015, FY2016 and 1H FY2017, approximately 79.7%, 72.0% and 56.9% of our revenue was contributed by repeat customers, respectively, who have engaged us to provide visual display solutions in the immediately preceding year.
- (v) We have developed close contacts and working relationship with service providers for other stage components, such as audio and lighting, through years of our operation. This enables us to create team rapport for effective collaborations to better achieve the goal of our customers.
- (vi) We have a proven track record of providing services to a wide range of artists/bands. During the Track Record Period and up to the Latest Practicable Date, we were engaged to provide visual display solutions in over 800 pop concert shows for a total of over 190 Hong Kong and non-Hong Kong artists/bands. This demonstrates our extensive experience and capability of providing visual display solutions which can satisfy the requirements of various customers. The recent success of Concert Tour A for which we were engaged as the visual display solution provider has also provided us with much marketing leverage in further developing our business.

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During the Track Record Period, we did not have any dispute with our customers nor did we receive any customer complaint which would have had a material impact on our business, financial condition or results of operations.

We also receive enquiries from new customers from time to time for fees quotations and details of the range of our visual display solutions, which continue to broaden our customer base. We believe that our business strategies to expand our business in Shanghai and promote our visual display solutions for corporate events and exhibitions would allow us to capture more business opportunities from a wider customer base. Please see the paragraph headed “Business — Our Business Strategies” for further details.

The table below sets out the particulars of our five largest customers during the Track Record Period:

For FY2015

Customers	Category of customers	Approximate years of business relationship with our Group up to the Latest Practicable Date	No. of shows for which our Group provided visual display solutions during FY2015	Revenue (HK\$ million)	Percentage of our total revenue (%)
Customer A ^(Note 1)	Stage engineering company/production house	7	205	12.8	47.8
Customer B	Production house	7	48	3.6	13.4
Customer C	Production house	7	15	3.2	11.9
Customer D	Production house	2	2	2.3	8.4
Customer E	Production house	4	2	1.0	3.8
Total:			272	22.9	85.2

For FY2016

Customers	Category of customers	Approximate years of business relationship with our Group up to the Latest Practicable Date	No. of shows for which our Group provided visual display solutions during FY2016	Revenue (HK\$ million)	Percentage of our total revenue (%)
Customer A ^(Note 1)	Please see above	7	180	15.0	36.8
Customer F	Stage engineering company	1	26	6.3	15.4
Customer B	Please see above	7	53	4.9	12.0
Customer G	Stage engineering company	1	58	4.8	11.9
Customer H	Record label company	1	Nil ^(Note2)	1.5	3.7
Total:			317	32.5	79.7

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For 1H FY2017

Customers	Category of customers	Approximate years of business relationship with our Group up to the Latest Practicable Date	No. of shows for which our Group provided visual display solutions during 1H FY2017	Revenue (HK\$ million)	Percentage of our total revenue (%)
IEC Group	Stage engineering company	0.5	18	6.5	24.4
Customer G	Please see above	1	43	5.0	18.9
Customer A ^(Note 1)	Please see above	7	98	4.4	16.7
Customer C	Please see above	7	24	3.1	11.5
Customer J	Production house	1	15	2.0	7.3
Total:			198	21.0	78.9

Notes:

1. Customer A comprises two companies within the same group, one of which is a stage engineering company and another one is a production house. We had business dealings with both companies during the Track Record Period.
2. We provided only equipment rental service to this customer.

In July 2016, we were engaged by IEC Group to provide visual display solutions for Concert Tour A. IEC Group is a company established and wholly owned by a well-known lighting designer in Hong Kong, who is the technical director of Concert Tour A, to provide service in relation to the design of the lighting effects and also to subcontract the other technical services, such as visual display solutions, to other service providers. The said lighting designer has been responsible for the design of lighting effects for the artist involved in Concert Tour A for years. Based on the contract on hand and quotations issued but not declined as at 31 March 2017, it is currently expected that 81 shows of Concert Tour A will be completed by the year ending 31 May 2017, representing approximately 25.4% of the total number of our pop concert shows expected to take place for the same year. Based on the latest information currently available to our Directors, it is expected that almost half of our total pop concert revenue will be attributable to Concert Tour A during the same period.

To the best of our Directors' knowledge, none of our Directors or their respective close associates or any Shareholder who owns 5% or more of the issued share capital of our Company had any interest in any of the above five largest customers (grouped by members of the same group) during the Track Record Period except for Customer D in which Mr. Chang, one of our Controlling Shareholders, has approximately 9.4% of equity interest. Save as disclosed above, all of our five largest customers during the Track Record Period are Independent Third Parties.

Long-term agreement

Due to the project-based nature of our business model, we normally do not enter into long-term contracts with our customers. We prepare quotations upon enquiries from our customers on a project-to-project basis. However, we may enter into long-term agreements with our customers due to extended project duration. In July 2016, we entered into a long-term agreement with IEC Group with respect to the shows of Concert Tour A to be held in the PRC.

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The salient terms of the long-term agreement (the “**Agreement**”) are summarised below:

Scope of service:	We shall be responsible for: (i) the provision of specified visual display equipment and other ancillary hardware; (ii) delivery, on-site installation and dismantling of the visual display equipment; (iii) testing and fine-tuning of the visual display equipment during rehearsals and concert performance; and (iv) maintenance and repair of the visual display equipment and provision of general on-site technical support in order to generate the desired visual display effects.
Duration of contract:	From 30 June 2016 until 31 July 2018
Minimum number of concert shows to be engaged:	80 (to be held in the PRC) ^(Note 1)
Deposit:	Our customer shall pay deposit to us upon signing of the Agreement which will be deducted from the fees payable to us for each concert show. ^(Note 2)
Price adjustment provision:	• Our service fees are charged for each concert show. • Our customer shall receive 20% and 30% discount for the fees payable to us from the 81st and 121st concert show onward, respectively.
Payment terms:	Within three days after completion of the concert shows in each city.
Quality of service deliverables:	• Our services shall be consistent with the requirements of the Agreement in order to produce the specified visual display effects. • We shall be responsible for any additional rectification costs involved in order to produce the specified visual display effects in a timely manner, failing which we shall pay damages for the losses of our customer.
Other rights and obligations:	• We shall indemnify our customer if we are found liable for any damage to, or loss of, the facilities or equipment at the concert venue by our employees in the course of our on-site operation. Our customer is entitled to deduct the indemnifiable amount from any fees payable to us under the agreement.

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- We shall not subcontract any part of the services to be performed by us without prior written consent of our customer.
- In the event of any breach(es) of the Agreement, the non-defaulting party shall be entitled to require the defaulting party to perform its obligations under the Agreement. The defaulting party shall be liable to pay damages for the economic losses suffered by the non-defaulting party, such as actual and other reasonably foreseeable losses as a result of the breach(es).

Termination:

- Unless otherwise agreed, the agreement may be terminated upon:
 - (i) mutual consent of the parties;
 - (ii) by the non-defaulting party, if the other party breaches the provisions of the agreement and fails to remedy such a breach within a certain period of time;
 - (iii) by the non-defaulting party, if the breach of the other party results in cancellation of the concert;
 - (iv) the occurrence of any force majeure events;
 - (v) abortion of the concert project due to regulation requirements; and
 - (vi) the occurrence of any other events which frustrate the purpose of the agreement.
- In the event of termination of the agreement on any of such grounds, we shall deduct our costs reasonably incurred in performing our services and repay the excess of the paid fees to our customer. As the equipment purchase cost incurred by our Group for Concert Tour A up to the Latest Practicable Date had already exceeded the amount of the deposit we have received, our Directors believe that the deposit received by our Group is not subject to refund pursuant to this termination clause as equipment purchase cost should be considered costs reasonably incurred in the performance of our services.

Notes

1. To be completed within one year starting from the commencement of the first concert show (i.e. by October 2017)
2. Upon execution of the Agreement, we have received a deposit of RMB 3 million, which would be amortised over the first 80 shows in the PRC and deducted from the fees payable to us for each concert show under the relevant invoices. Up to the Latest Practicable Date, 47 shows of Concert Tour A was held in the PRC and based on the latest information currently available to our Directors, another 33 shows of Concert Tour A will be held in the PRC by October 2017 and hence, the deposit we have received is expected to be fully amortised by October 2017.

Our Directors consider that unless serious fault is found on the part of our Group during the course of the delivery of our visual display solutions which materially adversely affects the quality of the performance or results in any significant interruption or cessation of the performance, it is unlikely for IEC Group to terminate the Agreement because of the difficulties in finding a suitable replacement within a short period of time in the middle of the concert tour, especially when the schedule for the remaining shows of Concert Tour A is tight and the details of the production including the visual effects are already agreed to and confirmed by various parties. According to the latest

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schedule of Concert Tour A, since the commencement of Concert Tour A in October 2016 up to August 2017, shows have been and will be scheduled every month and around nine shows were and will be held each month on average. For certain months, the schedule was particularly tight, for example, a total of 21 shows were held in Hong Kong in December 2016. Our Directors confirm that since the commencement of Concert Tour A and up to the Latest Practicable Date, we have been providing our visual display services in a satisfactory manner and have not received any complaint from IEC Group with respect to the quality of our solutions provided, nor had there been any material disputes with our customer under the Agreement which resulted in any pending or threatened claim against our Group.

The Directors also believe that in practice the Agreement may be terminated if the artist involved in Concert Tour A cannot carry out his performance due to any incident beyond his/her control such as health problem or injury resulting from any accidents or other cause. However, our Directors confirm that as at the Latest Practicable Date, they are not aware that and have no reasonable ground to believe that the artist is currently suffering from any health issue which might prevent him from continuing to perform the concert shows. Further, given the smooth execution of the shows of Concert Tour A which have been completed and the previous success of the concerts of the relevant artist in the past, our Directors believe that the likelihood of the early termination of the Agreement is remote.

In the unlikely event of cancellation of the scheduled concert shows of Concert Tour A due to health problem or injury of the artist concerned, our Group is not entitled to contractual compensation from IEC Group but our Directors believe that our Group would be engaged to render the visual display services if the concert shows for the same concert tour are re-scheduled afterwards. Based on the understanding of our Directors and as confirmed by Frost & Sullivan, visual display service providers such as our Group are generally not entitled to contractual compensation in the event of non-performance of concerts shows due to incidents beyond the control of the counterparty, such as the health problem or injury of the artists involved.

Further, we believe that there is mutual and complementary reliance along the value chain (1) between the organiser of Concert Tour A and its service providers (including IEC Group) and (2) between IEC Group and our Group due to the difficulties in finding a suitable replacement within a short period of time in the middle of the concert tour as mentioned above. Therefore it is unlikely for the services of the service providers (including IEC Group) or the Agreement to be terminated during the course of the project at the risk of disrupting and incurring additional costs for Concert Tour A. Our Directors believe that such additional costs may be significant given that the replacing supplier would have to procure new visual display equipment (whether customised or not) which are suitable for Concert Tour A and arrange for the logistics and other preparation works in relation to the provision of visual display solutions within a short period of time. In the unlikely event of early termination of the Agreement or the other agreement(s) between the respective counterparties in the upstream of the value chain in Concert Tour A, our Directors confirmed that there will be no material adverse impact on the sustainability of our business for the following reasons:

- (i) *Recovered 94.0% of the investment in our equipment purchase:* since the commencement of Concert Tour A and up to 31 March 2017, our services fees with respect to all of the shows of Concert Tour A which have been completed in the PRC, Hong Kong, Taiwan and Singapore amounted to HK\$19.8 million, which had been fully settled by IEC Group. The total payment made by IEC Group to us in connection with Concert Tour A (including the deposit we had received upon execution of the Agreement) up to 31 March 2017 amounted to approximately HK\$21.9 million, representing approximately 94.0% of the costs of visual display equipment purchased by our Group for Concert Tour A.

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- (ii) *Alternative use of the equipment applied in Concert Tour A*: the newly purchased equipment for Concert Tour A, which has broadened the range and increased the stock of our Group's visual display equipment, can be deployed to fulfil the different needs of our customers, and thereby enhancing our Group's ability in providing various customised solutions. Our Directors expected that over 70% of our visual display equipment in terms of the purchase costs purchased for Concert Tour A (which are non-customised) can be used for our other upcoming projects. For the remaining equipment, certain LED panels for use in Concert Tour A may also be modified into LED panels of other shapes and applications which can be used in our other projects with costs depending on the shape and application of the LED panels to be modified into. In the unlikely event of early termination of the Agreement, our Directors intend to (i) deploy part of such equipment for use in upcoming projects which our Group plans to use rented visual display equipment in the provision of its visual display solutions, and (ii) re-formulate the equipment acquisition plan (such as the timeline of the equipment acquisition) for business expansion in Shanghai and re-allocate certain of the equipment purchased for Concert Tour A to our warehouse in Shanghai.
- (iii) *Proven track record of securing businesses from a variety of artists/bands*: our Group has not placed and will not place any undue reliance on any single artist or project, nor will there be any negative impact on the sustainability of our Group's business in case of termination of the project of any single artist. Our Group has proven track record in securing business engagement from over 190 Hong Kong and non-Hong Kong artists/bands for over 800 pop concert shows during the Track Record Period and up to the Latest Practicable Date. With such proven track record together with our increased equipment availability and human resources, our Directors are confident that we would be in a better position to secure other business engagements in place of Concert Tour A in the unlikely event of early termination of the Agreement. Further, as part of our Group's business strategies, it plans to enhance its business presence for providing visual display solutions for corporate events and exhibitions in the near future. It is expected that the revenue attributable to provision of visual display solutions for corporate events and exhibitions will continue to grow going forward.

Save as disclosed above, we did not enter into any long-term contracts with our customers during the Track Record Period.

OUR SUPPLIERS

Our suppliers are primarily manufacturers of LED panels, projectors and video control units. The majority of our visual display equipment and the ancillary hardware are sourced in the PRC while the remaining are sourced from the United States, Belgium and the United Kingdom. Our costs of acquiring these equipment and components were approximately HK\$11.2 million, HK\$10.0 million and HK\$32.3 million for FY2015, FY2016 and 1HFY2017, respectively.

We select our suppliers for visual display equipment and ancillary hardware based on a number of criteria which include, among others, quality of their products, their track record, business scale, production lead time and costs. We believe that by these selection criteria together with our stringent quality control on our suppliers, the risks of substandard equipment purchases would be minimised. Please see the paragraph headed "Quality Control" in this section below for further details of our quality control measures. During the Track Record Period, we did not encounter any material difficulties in procuring our visual display equipment nor experience any shortage of supply, material quality defects or significant delay in delivery of equipment by our suppliers which caused material disruption of our projects.

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Five largest suppliers

For FY2015, FY2016 and 1H FY2017, fees paid to our five largest suppliers in aggregate accounted for approximately 96.9%, 75.2% and 93.7% of our total purchases of visual display equipment, respectively, with our largest supplier accounting for approximately 68.2%, 23.5% and 68.0% of our total purchases of visual display equipment for the respective periods. Our Directors believe that there are alternative suppliers in the market readily available to supply our visual display equipment with comparable quality and at competitive prices, which allows smooth delivery of our visual display solutions to our customers, as well as to manage fluctuations of the costs of procuring our equipment. Therefore, notwithstanding that the purchases from our five largest suppliers accounted for a significant proportion of our total purchases of equipment during the Track Record Period, our Directors believe that we have no material reliance on any particular supplier in relation to the purchase of our visual display equipment.

We have developed business relationship of one to five years with our five largest suppliers during the Track Record Period. In particular, we have established business relationship with our two largest suppliers for three years and four years, respectively. We believe we have stable relationship with our suppliers which enables us to procure the visual display equipment we require at favourable prices to maintain our profitability.

The table below sets out the particulars of our five largest suppliers during the Track Record Period:

For FY2015

Supplier	Principal business activities	Approximate years of business relationship up to the Latest Practicable Date	Amount of purchase (HK\$ million)	Percentage of our total purchases of visual display equipment (%)
Supplier A	Design and manufacture LED panels	3	7.7	68.2
Supplier B	Design and manufacture LED panels, projectors and video control units	5	2.4	21.1
Supplier C	Design and manufacture video control units	1	0.5	4.5
Supplier D	Supply video control units	5	0.2	2.2
Supplier E	Design and manufacture projection screens	4	0.1	0.9
Total			10.9	96.9

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For FY2016

Supplier	Principal business activities	Approximate years of business relationship up to the Latest Practicable Date	Amount of purchase (HK\$ million)	Percentage of our total purchases of visual display equipment (%)
Supplier A	Please see above	3	3.1	23.5
Supplier B	Please see above	5	2.7	20.8
Supplier F	Manufacture LED products	1	2.0	15.0
Supplier G	Distribute audio, lighting and broadcasting equipment	1	1.4	10.7
Supplier H	Design and manufacture LED products	1	0.7	5.2
Total			9.9	75.2

For 1HFY2017

Supplier	Principal business activities	Approximate years of business relationship up to the Latest Practicable Date	Amount of purchase (HK\$ million)	Percentage of our total purchases of visual display equipment (%)
Supplier A	Please see above	3	21.9	68.0
Supplier H	Please see above	1	4.4	13.6
Supplier I	Design and manufacture LED products	0.5	1.7	5.4
Supplier B	Please see above	5	1.5	4.7
Supplier J	Provide programing, operating and trading services of video control units	0.5	0.7	2.0
Total			30.2	93.7

To the best of our Directors' knowledge, none of our Directors or their respective close associates or any Shareholder who owns 5% or more of the issued share capital of our Company had any interest in any of the above five largest suppliers (grouped by members of the same group) during the Track Record Period. All of our five largest suppliers during the Track Record Period are Independent Third Parties.

We did not enter into any long-term contracts with our suppliers and our purchaser orders were entered into on project-by-project basis during the Track Record Period.

OUR SUBCONTRACTOR

During the Track Record Period, we sourced additional installation workers to assist with the on-site installation and dismantling of our visual display equipment from a human resource company,

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an Independent Third Party, as these processes require heavy manual operation and could be labour intensive. Our Directors consider that we have maintained a good business relationship with our subcontractor. The basis of our selection for subcontractors include reliability, quality and availability of their services.

The salient terms of the current effective agreement with our subcontractor are summarised below:

Duration:	12 months effective from 1 June 2016
Responsibilities of our subcontractor:	The subcontractor is responsible for: (i) providing temporary installation workers to carry out installation and dismantling work of our visual display equipment in locations designated by us; and (ii) taking out employees' compensation insurance for the temporary installation workers.
Minimum subcontracting amount:	HK\$2.4 million per year
Basis of subcontracting fee:	HK\$750 for every 9 hours per worker; HK\$110 for every additional hour per worker for overtime payment
Termination:	Both parties can terminate the agreement by giving notice of not less than 45 days to the other party

For FY2015, FY2016 and 1HFY2017, our total subcontracting costs accounted for approximately HK\$3.0 million, HK\$3.2 million and HK\$3.3 million, representing approximately 18.1%, 13.8% and 24.2% of our total cost of services, respectively.

Our Directors believe that subcontracting the on-site installation and dismantling works of our visual display equipment gives us flexibility in managing our manpower and increases our operational capacity. During the Track Record Period, we did not experience any material difficulties in finding installation workers for our projects. In addition, while we outsource these on-site works to our subcontractor, our project managers or experienced visual technicians designated to be supervisors remain responsible for monitoring and overseeing the works performed by the installation workers to ensure the equipment is securely and properly installed and dismantled. Please see the paragraph headed "Quality Control" in this section below for further details of our quality control measures. During the Track Record Period and up to the Latest Practicable Date, we did not receive any material claims or complaints by our customers in respect of the quality of the operations or services performed by our subcontractor.

PRICING POLICY

When determining the price, we will consider a number of factors including the type and quantity of the equipment required, project duration, level of manpower required for on-site installation, dismantling and operation of equipment, as well as transportation costs for our equipment. Upon arriving at an agreed price after negotiations, we will normally issue quotations to our customers. Our customers normally settle the payment by cheque or direct deposit.

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CREDIT POLICY

We may grant credit terms ranging from 30 days to 90 days subject to a number of factors, which include any past dealings and business relationship with the customer as well as background and credit status of the customer. We have implemented stringent credit control policy and procedures by which we monitor our working capital on a regular basis to minimise credit risks. Our Directors and other senior management conduct annual credit reviews on our customers' credit status, payment history and any payment overdue to adjust the credit terms for any future projects. Our accounting personnel also review record of our accounts receivables and keep track of any outstanding payments. In addition, a monthly accounts receivable statement will be sent to our customers 30 days after the date of invoice.

SALES AND MARKETING

We believe our success and source of customers are primarily attributable to the quality of our customised visual display solutions, and the reputation we have gained in the industry over the years. We establish initial business relationship through direct contact by our new customers who may either be referred by our existing customers or may have viewed our visual display solutions capabilities in our current or past projects. Benefitting from our position as a market leader with established presence in the visual display solution industry in Hong Kong for pop concerts, we have received continuous referrals from our existing customers and do not materially rely on marketing efforts or advertising campaigns to promote our sales. For FY2015, FY2016 and 1HFY2017, approximately 79.7%, 72.0% and 56.9% of our revenue were contributed from repeat customers, respectively, who have engaged us to provide visual display solutions in the immediately preceding year. The decrease in revenue contribution from repeat customers from approximately 72.0% in FY2016 to approximately 56.9% in 1HFY2017 was primarily due to the revenue contribution of approximately 24.4% of the total revenue of our Group for 1HFY2017 from IEC Group, which was our largest customer for the same period and has not engaged us to provide visual display solutions in the immediately preceding year.

In addition, Mr. Yeung, our executive Director, plays an active role in developing new business contacts, handling enquiries from new customers, as well as managing customer relationship. Mr. Tam, another executive Director, has also joined our Group since 2009 and has frequent contacts with our customers in delivering our visual display solutions. Under their management and leadership together with our project managers, we have fostered solid and stable business relationship with our largest customer for approximately seven years and become the preferred partner with first priority to provide visual display solutions for its pop concert projects. Our regular meetings with our major customers also enable us to promote our services.

Seasonality

We generally do not experience material seasonal fluctuations in our overall sales due to our tight scheduling of projects except that we typically experience slower business flow in January and February due to the Chinese New Year holiday.

BUSINESS

OUR VISUAL DISPLAY EQUIPMENT

The display equipment we own can be divided into three main categories: (i) LED panels; (ii) projectors; and (iii) video control units. They are currently stored in our three warehouses in Hong Kong, Guangzhou and Shanghai.

Set out below is the breakdown of net book value of our visual display equipment as at 30 November 2016.

Visual display equipment	As at 30 November 2016
	<i>HK\$ (million)</i>
LED panels	44.1
Projectors	4.5
Video control units	4.2
<i>Sub-total</i>	52.8
Others ^(Note)	13.6
Total	66.4

Note: Other visual display equipment include equipment freight cases, power and signal cables, power distribution units, projector screens as well as various ancillary devices and tools.

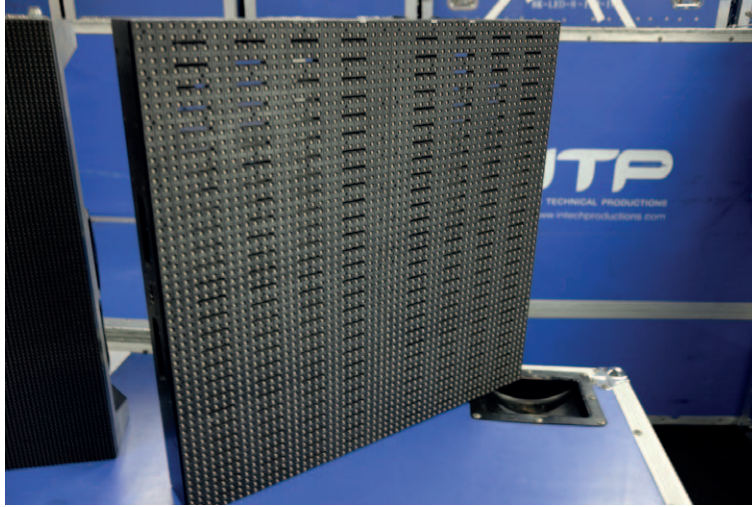
LED Panels

A LED panel is comprised of a number of LED modules installed on a cabinet connected to power supply. LED modules consist of a matrix of LED nodes that illuminate the display surface for showing pictures and video images. Individual LED modules can be assembled to form LED panels of various sizes and shapes to achieve the desired visual display effects and enhance the overall stage design. LED panels are ideal for displaying video contents for both indoor and outdoor live events as the visuals can be clearly seen from far distance with high resolutions. They can also be used to broadcast live footage and create moving backdrop for the stage to enhance the overall visual effects. With the development of LED technologies, flexible LED panels such as Mesh LED and foldable LED are becoming increasingly popular to create special visual display effects in live events.

Our visual display equipment includes a wide variety of LED panels of various specifications, sizes and shapes. Our advanced LED panels are capable of displaying video image in varying formats, including Full HD, 2K, and 4K resolutions. As at 30 November 2016, we owned 38,197 units of LED panels covering the total display surface area of around 7,523 sq. m.. With such diversity of LED panels readily available, we are capable of providing customised and flexible visual display solutions to our customers.

BUSINESS

The picture below shows one of our LED panels for illustration purpose.



However, viewing angle of the audience may affect their perception of the optimal visual display effects generated by our LED panels. To improve the visual experience for the audience, we will consider the layout of the venue when planning for the number of LED panels to be used and where they should be installed. Benefitting from the wide variety of our LED panels, we can devise flexible visual display solutions to overcome space restrictions of the venue, such as mounting LED panels around the venue and rising stage platform.

The picture below shows one of our projector models for illustration purpose.



Projectors

Projectors are the major system hardware for projecting image onto surfaces to show the desired visual display effects. With the advancement of projection mapping technologies, projectors can be used to project images onto the surface of 3D objects to simulate virtual environment, and create animation and dynamic visual effects to engage the audience. We have a wide range of projectors of various models which are suitable for different projector screen sizes and projection distances, including high lumen projectors with high light output capable of projecting images from 200 meters away with high resolutions. As at 30 November 2016, we owned 25 projectors.

However, the quality of the projected images may be affected under bright light. The projection may also be obstructed by moving objects on the stage, which may disrupt the flow of the live events. Therefore, we generally make the combined use of both projectors and LED panels in devising optimal visual display solutions for our customers.

Video control units

Video control units are essential to the smooth output of visual display effects as it receives video signals from different LED panels for processing and synchronisation. Making use of the video control units, our visual technicians are able to control the timing for showing the video contents to create different visual display effects and to conduct video livestreaming, depending the purpose of the live events. As at 30 November 2016, we owned 94 video control units.

The picture below shows one of our video controllers, a type of video control unit for illustration purpose.



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Equipment useful life

The table below shows a breakdown of our visual display equipment by category, their respective estimated useful lives, years of service and estimated remaining useful lives as at 30 November 2016.

	Estimated average useful lives (Note 1)	<i>Estimated range of useful lives</i> (Note 1)	Average years of service	<i>Range of years of service</i>	Estimated average remaining useful lives	<i>Estimated range of remaining useful lives</i>
	(Years)	(Years)	(Years)	(Years)	(Years)	(Years)
LED panels.	7.5	3.0 to 8.0	1.6	0.1 to 5.0	5.9	2.9 to 7.9
Projectors	8.0	8.0	2.9	1.1 to 5.0	5.1	3.0 to 6.9
Video control units	8.0	8.0	3.0	0.1 to 5.4	5.0	2.6 to 7.9
Weighted average ^(Note 2)	7.6	N/A	1.9	N/A	5.7	N/A

Notes:

1. The estimates of useful lives of the above equipment are based on historical experience of actual useful lives of the equipment of similar nature and functions.
2. The weighted average useful lives, years of services and remaining useful lives are calculated by reference to the cost of the respective visual display equipment (excluding those which had been fully impaired) as at 30 November 2016.

We depreciate our visual display equipment over a useful life of eight years, except for those which are custom made for a particular project/event. Such equipment is depreciated over the duration of the project/event. During 1HFY2017, we purchased new equipment with a cost of approximately HK\$23.3 million for the provision of visual display solutions in Concert Tour A which is expected to span around three years. Out of such new equipment, approximately HK\$5.7 million were LED panels with irregular shapes which were custom made for Concert Tour A and are to be depreciated over the estimated period of Concert Tour A, i.e. three years. The estimated useful life of such custom-made equipment for Concert Tour A is determined based on the expected duration of Concert Tour A. Up to the Latest Practicable Date, Concert Tour A had taken part in areas outside the PRC (e.g. Singapore, Hong Kong, Taiwan) and such shows were covered by separate quotations, while the Agreement only covers the shows of Concert Tour A in the PRC during the duration of the Agreement. To the best knowledge and belief of our Directors after having made all reasonable enquiries, Concert Tour A is a world tour covering areas outside the PRC (e.g. Southeast Asia and countries in other continents), and is expected to span around three years. Taking into account the abovementioned and the condition of the equipment, our Directors consider that it is reasonable to estimate that the useful life of the custom-made equipment is three years.

Our Directors consider that a useful life of eight years for our LED panels is reasonable based on the following reasons:

- *Durability*: according to the Frost & Sullivan Report, a LED can reasonably be expected to have a theoretical useful life of around 13.7 years. For details, please refer to the paragraph headed “Industry Overview — Visual Display Solution Industry in Hong Kong — Overview” in this prospectus;

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- *Our capability to carry out regular maintenance:* we have set up our repair and maintenance facilities in Shenzhen, the PRC to ensure that our LED panels are kept in an optimal condition to perform. We have also invested in custom-made freight cases for storing and transporting LED panels to minimise the possibility of physical damage; and
- *Future demand:* according to the Frost & Sullivan Report, the demand for Full HD format in pop concert market is expected to last for the next decade.

The years of service of our visual display equipment was only up to approximately 5.4 years as at 30 November 2016, notwithstanding that we had an operating history of around eight years up to the date of this prospectus, due to the following reasons:

- When Mr. Yeung established our Group back in 2009, we primarily relied on utilising LED panels leased from third parties and second-handed projectors and video control units for the provision of our visual display solutions. As our business continued to grow, we have started to purchase our own LED panels since 2010.
- In or around FY2013, the SD video technology format had been largely replaced by the Full HD video technology format in the concert market since not only does the HD video technology format provide a much higher resolution, it also substantially reduces the time lag between the live recording and the playback as compared to the SD video technology format. In light of such technological advancement, we impaired all those visual display equipment which could only support SD video technology format with an aggregate net book value of HK\$2.1 million and replaced them with equipment capable of supporting the Full HD video technology format.
- Certain LED panels acquired from the Relevant Supplier in 2011 and 2012 were found to be substandard due to the defective diodes used in their production and became not worth repairing. As a result, we impaired and replaced such LED panels with a new batch of LED panels which were manufactured by another supplier under the close supervision of our equipment development and maintenance team in FY2013.

Because of the above reasons, the years of service of our visual display equipment was only up to approximately 5.4 years as at 30 November 2016. In addition, we do not have any equipment replacement plan tied to the remaining useful lives of our equipment as our Group procures new equipment on an as-needed basis taking into account a number of factors as mentioned in the paragraph headed “Equipment Management and Utilisation” in this section above and our Directors believe that with our own in-house repair and maintenance capabilities, some of our equipment can still be used even after the expiry of the estimated useful lives.

EQUIPMENT MANAGEMENT AND UTILISATION

We have a wide range of visual display equipment in ample quantities to fulfil the diverse needs of our customers in a timely manner. We procure our equipment based on a number of factors, including anticipated orders from our customers, project requirements, trend and development of visual display technologies, as well as our assessment of the market reception for the visual display effects produced by the equipment based on our industry experience.

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We seek to maintain an optimal utilisation rate for our equipment to yield profits from our purchases. To monitor our equipment utilisation, we conduct regular count of our equipment and record the equipment details in a centralised database. To enhance our equipment management, we will also prepare an equipment list for our projects, setting out the types and quantities of the equipment to be checked out from our warehouses, and the expected return dates.

The table below sets out the utilisation rates for the three major categories of our visual display equipment, namely LED panels, projectors and video control units, for FY2015, FY2016 and 1H FY2017:

Category	Utilisation ^(Note 1)		
	FY2015	FY2016	1H FY2017
LED panels	45.3%	52.9%	58.4%
Projectors	33.7%	59.0%	57.2%
Video control units	55.7%	94.6%	93.7%
Weighted average^(Note 2)	44.8%	59.4%	61.5%

Notes:

1. The utilisation rate is calculated by dividing “the number of days utilised for a particular type of visual display equipment, which is equivalent to the sum of (i) the actual show/event days, (ii) four days for equipment installation, and (iii) two days for equipment dismantling” by “the number of days available for leasing for such equipment after deducting the days reserved for inspection, repair and maintenance (35 days per year)”. For LED panels, the calculation of the utilisation rate also takes into account an additional 5% of the total number of LED panels required for the projects which are used as backup panels.
2. Weighted average utilisation rate is calculated by reference to the average net book value of the respective visual display equipment for FY2015, FY2016 and 1H FY2017.

The utilisation rate for each category of the above visual display equipment represents the weighted average utilisation rate for various specifications and models of equipment in the category. Although our projects normally only require specific model(s) of LED panels and/or projectors, our wide spectrum of equipment allows us to satisfy the diverse requirements of our customers for different visual display effects and to maintain our competitiveness. Our large quantity of LED panels enables us to have sufficient stock available for use in large-scale live events. The utilisation rates of our visual display equipment depend on a number of factors such as the type of projects (for example, pop concerts or corporate events), the scale of the projects, the design of the stage, whether the equipment is to be applied in indoor or outdoor events and the budgets of the customers. Any of the aforesaid factors would affect the combination of visual display equipment to be used, which in turn results in varying utilisation rates for each equipment.

Among the various types of our LED panels, certain models which can produce visual images of higher resolutions are more suitable for use in events. According to the Frost & Sullivan Report, for certain segments of the event market, and in particular trade shows or product launch events, visual images of finer quality are generally required in light of a closer viewing distance and the need to showcase the details of the products in order to attract the attention of the viewers. During the Track

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Record Period, as our Group mainly focused on the pop concerts market, such LED panels for use in events had relatively lower utilisation rates than those for use in pop concerts. For illustration purpose only, the utilisation rates of our LED panels, excluding those predominantly used in event projects, were approximately 52.2%, 61.1% and 64.1% for FY2015, FY2016 and 1HFY2017, respectively.

In addition, certain foldable LED panels were less frequently utilised during the Track Record Period as they are more suitable for use in pop concerts where a rising stage platform is adopted and there is insufficient space under such platform to accommodate unfoldable LED panels. Such LED panels may not be suitable for use in every pop concerts but in order to ensure that we have a broad range of visual display equipment to satisfy our customers' requirements, we have equipped with such LED panels to cater for stages of different designs in providing our visual display solutions. For illustration purpose only, the utilisation rates of our LED panels, excluding (i) those predominantly used in event projects; and (ii) the foldable LED panels mentioned above, were approximately 71.5%, 76.4% and 72.9% for FY2015, FY2016 and 1HFY2017, respectively.

Further, the shows in which our Group was involved might not be evenly distributed throughout the year. For instance, over half of the pop concert shows in which our Group was involved were held in weekends (i.e. Saturday and Sunday) during the Track Record Period. As part of our business strategy to expand our business in Shanghai, we plan to acquire additional LED panels to enrich the quantity and variety of our visual display equipment in our Shanghai warehouse. Please see the paragraph headed "Our Business Strategies — Expand our business in Shanghai" in this section above for further details. Taking into consideration (i) the utilisation rates of over 70% for our LED panels which are commonly used in pop concerts as illustrated above, (ii) the uneven distribution of show days which might put pressure on the availability of suitable equipment, as well as (iii) that the additional LED panels to be acquired can further supplement and broaden the range of our equipment, our Directors consider that there is a need for our Group to acquire additional LED panels, instead of relocating our existing LED panels from our Hong Kong or Guangzhou warehouses to Shanghai warehouse, for our business expansion in Shanghai.

Our continuous business growth with increasing number of projects has led to an increase in the weighted utilisation rate of our visual display equipment from approximately 44.8% in FY2015 to approximately 61.5% in 1HFY2017. To better monitor our equipment management and utilisation, we plan to engage a third-party software developer to develop a tracking system which records the details of our visual display equipment on a real-time basis. Please see the paragraph headed "Our Business Strategies — Develop a tracking system to enhance our equipment management and utilisation" in this section above for further details.

CUSTOMISED SOLUTIONS

We believe that our competitiveness critically lies in our capabilities in providing customised visual display solutions to our customers. Creative and well-coordinated visual display effects could enhance the overall entertainment value of pop concerts and help bring attractions to other live events.

Our senior management works closely with our equipment development and maintenance team to provide the following services:

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- providing consultation services on the technical feasibility of the desired visual display effects;
- providing suggestions on the creative applications of visual display equipment; and
- preparing design drawings and developing prototypes of new LED applications for trial run and testing.

Over the years, we have successfully adopted a number of latest LED and projection technologies for creative applications for pop concerts, including Mesh LED, transparent LED panels, LED hologram and LED dance floor. In general, these customised LED applications can be reused and adapted for use in other projects to enhance flexibility and utilisation. For instance, the individual LED panels of the LED dance floor can be detached, restructured and reassembled into different sizes and shapes to suit the needs of different customers. With the wide variety of our visual display equipment, we are able to devise optimal visual display solutions for our customers that fulfil their requirements. Please see the paragraph headed “Our Visual Display Equipment” above for further details.

REPAIR AND MAINTENANCE

Our equipment development and maintenance team is also capable of repairing technical defects and maintaining our equipment to ensure optimal functionality. The main advantage of having our in-house repair and maintenance capability is that we can remedy and resolve technical glitches within a short period of time without placing undue reliance on third party manufacturers which are beyond our control. This enables us to produce the desired visual display effects for our customers in an efficient and flexible manner.

In addition, our equipment development and maintenance team conducts inspection on the used visual display equipment before the execution and after the completion of each project to ensure that the equipment are in good status and can function properly when in use. Please see the paragraph headed “Quality Control” in this section below for further details of our quality control measures.

TRANSPORTATION AND DELIVERY

For Hong Kong and overseas (other than the PRC) live events, we are responsible for arranging for the transportation of our visual display equipment to the designated venues. In this connection, we have engaged two logistics service providers, which are Independent Third Parties, to provide the relevant transportation services. One of the logistics companies mainly provides transportation services to us for our projects in Hong Kong while the other logistics company provides transportation and custom clearance services for our overseas projects. Our logistics service providers would arrange insurance policies to cover risks of damage or loss of our visual display equipment during transit. We also purchased goods-in-transit insurance for specified areas in September 2016 to cover such risks. Please see the paragraph headed “Insurances” in this section below for further details of our insurance coverage.

For FY2015, FY2016 and 1HFY2017, the logistics fees we paid to our logistics service providers amounted to approximately HK\$1.9 million, HK\$2.2 million and HK\$1.5 million, respectively.

QUALITY CONTROL

We put great emphasis on maintaining the quality of the visual display equipment utilised in our visual display solutions offered to our customers. We have adopted various quality control checkpoints to ensure the quality of our visual display solutions at various stages of our projects as summarised below:

- *Procurement of equipment stage:* We select our suppliers carefully based on a number of criteria, such as the quality of products, track record, business scale, production lead time, costs and any maintenance services for the equipment sold, to reduce the risks of substandard equipment purchases. We maintain and regularly review our list of qualified suppliers to ensure we only procure our visual display equipment from reliable suppliers with good reputation. Our equipment development and maintenance team also maintains close contact with our management team in Hong Kong and makes regular reports on any issues of product quality. Mr. Pei Mingzhong, our experienced and qualified technical manager, is responsible for overseeing the quality of our equipment purchases from our suppliers in the PRC to ensure they are fit for use in our projects. In addition, we closely monitor the production of equipment by third party manufacturers throughout the production phase and will conduct inspection of the equipment upon delivery and return equipment that are defective or not up to standard.
- *Intermediate pre-execution stage:* We carry out on-going quality control measures after procuring the equipment prior to the project execution stage. For example, to ensure safe storage and durability of our visual display equipment, we store our equipment in protective cases. Our in-house equipment development and maintenance team is also capable of providing repair and maintenance works for technical defects and carries out regular inspections of our equipment. Hence, if any of our visual display equipment is found to malfunction at any point of our project operation, we are able to carry out troubleshooting and repair works readily. Please see the paragraph headed “Repair and Maintenance” in this section above for further details.
- *Final project execution stage:* At the stage execution stage, we put in place various final quality control measures to ensure the smooth running of our visual display equipment. For example, we have formulated internal operating manuals and provide on-the-job training to ensure proper operations of our visual display equipment. Our project manager and/or experienced visual technicians designated to be supervisors will also be present at the venue throughout the execution process and ensure that the technical groundwork is properly and safely performed. In addition, we will conduct several rounds of rehearsals to test the operation of our equipment and ensure that different components of our visual display system are properly connected and synchronised. In relation to equipment preparation, we will normally bring to the venue an additional 5% of the required quantities of LED panels and are prepared to bring backup power system if required to ensure timely replacement in the occurrence of any unforeseeable and abrupt on-site technical problems.

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During the Track Record Period, we did not receive any material claims or complaints about the quality of our visual display solutions.

MARKET AND COMPETITION

According to the Frost & Sullivan Report, the visual display solution industry is largely driven by the live events industry, which includes pop concerts, corporate events, sports and recreational events, exhibitions and other live performances. The overall visual display solution industry in Hong Kong is largely dominated by the five largest solution providers who, in aggregate, accounted for approximately 75.8% of the total market share in terms of revenue in 2015. This concentrated market structure is mainly due to the high entry barrier for new entrants due to substantial capital investment in acquiring visual display equipment. In addition, given the real-time nature of live events, production houses, stage engineering companies and other event organisers would normally opt for those service providers who possess a strong track record or with whom they have previously engaged for their live events. Please see “Industry Overview” for further details of the prospects and competitive landscape of the visual display solution industry in Hong Kong.

According to the Frost & Sullivan Report, we ranked first in terms of industry spending on visual display solutions for the pop concert market in the Hong Kong in 2015, with a market share of approximately 41.9%. We believe that our competitiveness lies in our capability of providing customised visual display solutions, our wide range of equipment in large quantities combined with our ability to offer a wide range of visual display solutions, including pre-execution consultation on visual effect design and technical feasibility, and reliable on-site technical support under the leadership of our experienced management with strong knowhow and expertise. Please see the paragraph headed “Our Competitive Strengths” in this section above for further details.

EMPLOYEES AND STAFF

As at the Latest Practicable Date, our Group has a total of 82 full-time employees. We have 10 and 72 full-time employees stationed in Hong Kong and the PRC, respectively, for our project operation. Of our full-time employees in the PRC, 11 of them form our in-house equipment development and maintenance team dedicated to providing technical support for our customisation of visual display solutions, as well as repair and maintenance of our visual display equipment.

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The table below sets out a breakdown of the number of our full-time employees by function role as at the Latest Practicable Date:

Function	Number of full-time employees
Directors	2
Project managers	4
Visual technicians	56
Equipment development and maintenance.	11
Warehouse keeper	3
Accounting, human resources and administration	6
Total	82

The table below sets out a breakdown of the number of our full-time employees by geographic location as at the Latest Practicable Date:

Location	Number of full-time employees
Hong Kong	10
the PRC.	72
Total	82

Our Directors believe that our capabilities in delivering customised and creative visual display solutions to our customers depend on our ability to attract, retain and motivate a sufficient number of qualified employees who are equipped with the requisite technical knowledge, expertise and experience in operating our visual display equipment and performing various highly technical tasks in generating the desired visual display effects for our customers. Hence, we are dedicated to investing on human capital and retaining qualified employees in order to sustain our business development and continuous growth. We recruit our employees based on a number of factors such as qualifications, relevant industry experience and our business needs. We have not engaged any employment agents for the hiring of our employees.

Remuneration and Benefits

We enter into standard employment contracts with our employees under which we offer salaries to our staff at market comparable rate and may award performance bonus based on their merits, contributions and our results of operation as incentives. We also conduct annual review of the salaries of our employees for due recognition of their dedication and efforts.

Employee Insurances

We have maintained employees' compensation insurance for our employees in Hong Kong. For the installation works we sourced from our subcontractor, our subcontractor is responsible for taking out the employees' compensation insurance policies for them.

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We are subject to various PRC laws and regulations with respect to employee insurances including the Social Insurance Law, the Regulation on the Administration of Housing Provident Fund issued by the relevant governmental authorities. During the Track Record Period, certain of our PRC subsidiaries failed to strictly comply with the relevant PRC laws and regulations with respect to social insurance fund and housing provident fund. For details, please see the paragraph headed “Legal Compliance” in this section.

Employee Training

Given the highly technical requirements of our project operations, we offer on-the-job training to our visual technicians who are responsible for on-site installation, operation and dismantling of our visual display equipment to keep them abreast of the recent development of visual display technologies and any changes in the operating procedures. There will also be training provided to our visual technicians by certain of our suppliers on the operation and control of new models of visual display equipment. New employees are required to attend induction training to ensure that they are equipped with the necessary knowledge and expertise to perform their duties.

Employee Relations

During the Track Record Period, we did not experience any material dispute with our employees or disruptions to our operations due to labour disputes nor encounter significant difficulties in retaining our key management personnel and skilled employees. There is no labour union established by our Group’s employees.

OCCUPATIONAL HEALTH AND SAFETY AND ENVIRONMENTAL MATTERS

Occupational Health and Safety

We highly value occupational health and safety of our employees in all aspects of our project operation and are committed to providing a safe and healthy work environment for our employees. Certain operational procedures may expose our employees to material risks of physical injuries, such as lifting of heavy visual display equipment from places to places and working at height when repairing the LED panels. In order to minimise risks of injuries and work-related accidents, we provide our employees with operational safety training and protective gear during project operation. In addition, our project managers and/or experienced visual technicians designated to be the supervisor will be present at the venue throughout the installation and dismantling processes to oversee the operation and ensure that all safety requirements have been complied with.

During the Track Record Period, we did not receive any material claims for personal injuries by our employees under the employees’ compensation insurance policies.

We also closely monitor any report of occupational incidents. During the Track Record Period, we were not involved in accidents that resulted in material injuries or fatality in the course of our operations, and that no prosecution has been laid against us by any relevant authorities in respect of violation of applicable laws or health and safety.

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Environmental Protection

As a visual display solution provider, we are not subject to any significant environmental regulations. We do not currently have any environmental liabilities and do not expect to incur any environmental liabilities that could have any material impact on our financial condition or business operations in the future.

INSURANCES

Our Group has purchased a range of insurance policies to be indemnified our potential losses arising from the various risks and perils stemmed from our business operation. We have maintained insurance coverage for our visual display equipment at our warehouses in Hong Kong, Guangzhou and Shanghai against risks of fire, lightning and flood. We have also taken out all-risks insurance policy for our storage of visual display equipment at our warehouses. In addition, in September 2016, we have purchased goods-in-transit insurance for risks of any damage or loss of our visual display equipment during transit in the specified areas. Our Directors are of the view that our current insurance coverage is adequate for our existing material exposure and is in line with general industry practice. However, circumstances may develop in the future that render our present insurance policies inadequate. Please see “Risk Factors — Our current insurance coverage may not be adequate to fully indemnify us against our potential losses and liability” for further details.

During the Track Record Period, we did not experience any significant loss or damage to our equipment and there was no material insurance claim.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group has registered one trademark in each of the PRC and Hong Kong, and registered one domain name which is material to our business. In addition, we are applying for the registration of one trademark in Hong Kong. Please see “Appendix IV — Statutory and General Information — B. Information about our Business — 2. Intellectual property rights of our Group” for further details of our intellectual property rights.

In addition, the scope of our visual display solutions generally does not encompass provision of the visual contents, which are produced by video content providers for our integration and further processing. Therefore, we do not own the intellectual property rights of the visual contents in our projects. We do not retain in our possession any video contents after completion of the projects.

During the Track Record Period, we were not involved in any proceedings in respect of, nor had we received notice of any claim for, the infringement of any intellectual property rights that had any material adverse impact on our business and results of operation. Our Directors also confirmed that, as at the Latest Practicable Date, they are not aware of (i) any actual or potential infringement of our intellectual property rights that would constitute material adverse impact on our operations, or (ii) any pending or threatened claim against our Group for infringement of any intellectual property rights owned by any third party.

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PROPERTIES

As at the Latest Practicable Date, we did not own any properties, and we leased from Independent Third Parties and occupied two properties in Hong Kong and four properties in the PRC with each located in Shanghai, Shenzhen and Guangzhou, respectively, for office, workshop and warehouse purposes. The total gross floor area of the our leased properties in Hong Kong and the PRC is approximately 7,420.0 sq.ft. and 3,039.2 sq.m., respectively.

The factors we generally take into consideration in deciding whether to renew the lease and to occupy the same premises for our operations include the terms of the lease agreement to be renewed, the new rental fee and our budget. During the Track Record Period, we did not experience any material difficulty in renewing our lease agreements.

As at the Latest Practicable Date, the lessors of certain of our leased properties in the PRC were unable to provide the relevant property ownership certificates to prove their authority to lease the relevant properties. These properties are mainly used as warehouses and workshop.

Our Directors believe that the fact that we have not received the title certificates will not have a material adverse effect on our business, financial condition and operating results primarily because (i) we can easily relocate to alternate premises of similar size and at comparable rent in the vicinity, without incurring material relocation cost and time, in the event that we can no longer use any of the involved leased properties; and (ii) during the Track Record Period and up to the Latest Practicable Date, we were not aware of any claims or actions being contemplated or initiated by government authorities, property owners or any other third parties with respect to the above lease deficiencies.

In addition, as at the Latest Practicable Date, certain lease agreements in respect of our leased properties in the PRC have not been registered with the relevant PRC government authorities. As advised by our PRC Legal Adviser, the non-registration of the lease agreements does not affect the validity, legality and enforceability of our leases but the relevant government authorities may require us to rectify the non-compliance within a period of time and failing which, we may be imposed a fine of up to RMB10,000 for each unregistered lease. As advised by our PRC Legal Adviser, we may be required to pay a fine of up to RMB30,000 for our non-registration. During the Track Record Period and up to the Latest Practicable Date, we have not received any rectification order or been subject to any fine in respect of non-registration of lease agreements.

Based on the above, our Directors believe that the potential title defects of our leased properties and the non-registration of our leases have not had and will not have, individually or in aggregate, any material impact on our operations.

LEGAL COMPLIANCE

Save as disclosed below, we are not aware of any material impact non-compliance incidents or systemic non-compliance incidents in respect of applicable laws and regulations during the Track Record Period and up to the Latest Practicable Date.

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The following table sets out the non-compliance incidents our Group was involved in during the Track Record Period:

Non-compliance incident	Reasons for the non-compliance	Possible legal consequences and maximum penalty	Actions taken and current status
<i>Social insurance contribution</i>			
Shiji Tiansheng Technology and Shiji Tiansheng Cultural failed to make adequate social insurance contribution for our employees as required by the relevant PRC laws and regulations during the Track Record Period.	Such non-compliance incident was mainly caused by inadvertent oversight of the relevant PRC laws and regulations, the implementation of which vary from city to city. Our staff who were formerly in charge of this matter did not fully understand the different regulatory requirements in cities where we operated.	According to our PRC Legal Adviser, the relevant PRC authorities may notify us that we are required to pay the outstanding social insurance contributions within a stipulated deadline and pay an overdue charge equal to 0.05% of the outstanding amount for each day of delay. If we fail to repay the outstanding social insurance contributions within such prescribed period, we may be liable to a fine of one to three times the outstanding contribution.	During the Track Record Period and up to the Latest Practicable Date, we had not received any orders or demands from the relevant government authority requesting us to pay the unpaid social insurance contributions or any penalties. We completed the arrangement with the competent authority in relation to the payment of social insurance contributions according to the relevant PRC laws and regulations in November 2016. In order to reflect the potential financial impact of such non-compliance on our Group, appropriate provisions in the sum of approximately RMB49,726, RMB224,767 and RMB383,470 have been made in respect of such non-compliance event as at 31 May 2015, 31 May 2016 and 30 November 2016, respectively. Our PRC Legal Adviser is of the opinion that the risk of the relevant governmental authority imposing any administrative penalty on us with respect to our historical inadequate social insurance contributions is remote based on the following reasons: (i) according to the certification letters issued by Shenzhen Social Security Fund Bureau (深圳市社會保險基金管理局) on 10 November 2016 and 24 November 2016, Shiji Tiansheng Cultural and Shiji Tiansheng Technology has not been imposed any penalty by Shenzhen Social Security Fund Bureau due to any non-compliance with social security related laws and regulations; (ii) our PRC Legal Adviser consulted the Shenzhen Social Security Fund Bureau (深圳市社會保險基金管理局) on 24 November 2016, which advised that the risk of the relevant governmental authority imposing any administrative penalty on companies such as Shiji Tiansheng Technology and Shiji Tiansheng Cultural with respect to our historical inadequate social insurance contributions is generally remote; (iii) during the Track Record Period and up to the Latest Practicable Date, our Group had not received any orders or demands from the relevant government authority requesting us to pay the unpaid social insurance contributions or any penalties; and (iv) our Group has made adequate social insurance contribution for our employees as required by the relevant PRC laws and regulations since November 2016.
We estimate that the outstanding amounts of social insurance payments as at 31 May 2015, 31 May 2016 and 30 November 2016 were approximately RMB49,726, RMB224,767 and RMB383,470, respectively.			

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Non-compliance incident	Reasons for the non-compliance	Possible legal consequences and maximum penalty	Actions taken and current status
			Based on the above, our Directors consider that no provision is required for the overdue charge in respect of any delay of payment of our outstanding social insurance contributions. In addition, our Controlling Shareholders have agreed to indemnify us monetary fine, settlement payments and any associated costs and expenses which would be incurred or suffered by us in connection with the aforesaid non-compliance occurred on or before the Listing Date. In order to prevent future potential non-compliance incidents in relation to social insurance fund contributions, we have adopted various measures including (i) assigning our senior human resources personnel to prepare the calculation of social insurance fund payment; (ii) having our Directors to review the payments on a monthly basis; and (iii) designating our internal audit manager to monitor the status of payments of social insurance fund contributions, in order to ensure that payments are made for our employees in accordance with the applicable PRC laws and regulations.
Housing provident fund Shiji Tiansheng Cultural and Shiji Tiansheng Technology did not open housing provident fund accounts and failed to make housing provident fund contributions for their employee as required by the relevant PRC laws and regulations before 12 September 2016 and 17 September 2016, respectively. We estimate that the outstanding amounts of housing provident fund contributions as at 31 May 2015, 31 May 2016 and 30 November 2016 were approximately RMB26,608, RMB76,404 and RMB213,580, respectively.	Such non-compliance incidents were mainly caused by inadvertent oversight of the relevant PRC laws and regulations, the implementation of which vary from city to city. Our staff who were formerly in charge of this matter did not fully understand the different regulatory requirements in cities where we operated.	According to our PRC Legal Adviser, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period, failing which the relevant authority may apply to the relevant PRC court for the enforcement of the payment of the unpaid contributions.	During the Track Record Period and up to the Latest Practicable Date, we had not received any orders or demands from the relevant government authority requesting us to pay the unpaid housing provident fund contributions or any penalties. Since October 2016, we have made housing provident fund contributions according to the relevant PRC laws and regulations. In order to reflect the potential financial impact of such non-compliance on our Group, appropriate provisions in the sum of approximately RMB26,608, RMB76,404 and RMB213,580 have been made in respect of such non-compliance events as at 31 May 2015, 31 May 2016 and 30 November 2016. In addition, our Controlling Shareholders have agreed to indemnify us monetary fine, settlement payments and any associated costs and expenses which would be incurred or suffered by us in connection with the aforesaid non-compliance occurred on or before the Listing Date. In order to prevent future potential non-compliance incidents in relation to housing provident fund contributions, we have adopted various measures including (i) assigning our senior human resources personnel to prepare the calculation of housing provident fund payment; (ii) having our Directors to review the payments on a monthly basis; and (iii) designating our internal audit manager to monitor the status of payments of housing provident fund contributions, in order to ensure that payments are made for our employees in accordance with the applicable PRC laws and regulations.

INTERNAL CONTROL AND RISK MANAGEMENT

We recognise the significance of internal control measures in ensuring our ability to deliver our visual display solutions in an efficient and reliable manner and up to the requirements of our customers. We have implemented a set of internal control policies to regulate and govern our business operation. We have formulated operating manuals for the major procedures and processes of our project operation such as sales and account receivable, purchases and accounts payable, project management, fixed asset and warehouse control, financial statement preparation and reconciliation and internal audit policy to provide sufficient guidelines for our employees and to standardise our work procedures for quality control. In particular, in order to prevent our suppliers and employees from divulging our application solutions to our competitors, we have adopted the following internal control policies:

- (i) the complete technical drawings and stage design diagram shall not be shown to any supplier from which we procure visual display equipment and only the necessary information required for procurement, such as the equipment specification, would be provided to the supplier, so as not to disclose the actual applications of the visual display equipment;
- (ii) for customised visual display equipment, the relevant supplier is required to sign a non-disclosure agreement pursuant to which, among others, the supplier shall not (a) disclose any confidential information in relation to our products and business to any other party; (b) use or permit any other parties to use such confidential information without our permission; and (c) sell the relevant products, provide the related design drawings or any technical assistance to any other parties for their projects; and
- (iii) each of our employees is required to sign an employment contract and is given a staff handbook, each containing a confidentiality provision to protect our know-how and trade secrets.

In addition, we have devised risk management policies to identify, assess, manage and mitigate our potential risk exposure. Our Directors are responsible for identifying and assessing any possible risks arising from our current projects and projects under negotiation, and making managerial decisions as to how the relevant risks could be dealt with effectively. Our senior management members are also closely involved in devising operating procedures in response to such risks. Our management maintains close communication with our project managers to collect their feedbacks and identify any new risks. We also keep a risk register and prepare risk assessment report which documents and sets out our risk management analysis, including the cause(s) and current status of the risk, and any mitigating actions ensued. As our business continues to expand, we will refine and enhance our internal control systems to respond to the potential increased risk profile.

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In order to continuously enhance our corporate governance, we engaged an internal control consultant to evaluate our internal control system and have adopted the relevant suggestions proposed by our internal control consultant. In addition to the enhanced control measures for the specific non-compliances as set out in the paragraph headed “Legal Compliance” above in this section, we have adopted the following internal control measures to enhance our corporate governance:

- (i) our Board includes three independent non-executive Directors to ensure transparency in management and fairness in business decisions and operations. Our independent non-executive Directors contribute to the enhancement of corporate value by providing advice and insights based on their extensive administrative experience and specialised knowledge;
- (ii) our Directors and senior management have attended training sessions on applicable laws and regulations, including the GEM Listing Rules, conducted by our legal adviser prior to the Listing;
- (iii) we have formulated internal policy pursuant to which Ms. Leung Yin Fai, our company secretary will provide continuous training to our Directors and senior management after the Listing on their continuing obligations under the GEM Listing Rules;
- (iv) we have established an audit committee comprising three independent non-executive Directors to review, oversee, monitor and evaluate the effectiveness of our financial controls, internal control and risk management systems; and
- (v) we have appointed the Sole Sponsor as our compliance adviser with effect from the date of Listing to advise us on our ongoing compliance obligations under the GEM Listing Rules, and other applicable laws and regulations in Hong Kong.

In addition, we have adopted the following internal control measures to prevent anti-competitive conduct to ensure compliance with the Competition Ordinance (Chapter 619 of the Laws of Hong Kong), including:

- (i) formulating an internal policy based on the first conduct rule and second conduct rule as defined therein to ensure our Directors, senior management and other employees are well aware of the effect of Competition Ordinance when conducting business operations;
- (ii) providing training sessions for our Directors and senior management to enhance their awareness and understanding of the prohibited anti-competitive conduct and the consequences for contravention;
- (iii) consulting our legal adviser in order to seek professional advice where we are in doubt whether a particular conduct or action is inconsistent with the Competition Ordinance;

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- (iv) implementing whistleblowing policy to encourage transparent reporting of any suspected anti-competitive conduct by the employees in order to properly and effectively address any potential non-compliances and to take appropriate disciplinary action against the relevant employee; and
- (v) reviewing such internal control measures to keep up with any changes of the Competition Ordinance from time to time.

Having considered the nature and reasons for the non-compliance incidents, the advice from our PRC Legal Adviser, the corrective actions taken and the internal control measures adopted by us, our Directors are satisfied that our enhanced internal control measures are adequate and effective in reducing the risk of future non-compliance by our Group with legal and regulatory requirements, and consider that the past non-compliance incidents do not have any material impact on the suitability of our Directors under Rule 5.01 and 5.02 of the GEM Listing Rules and the suitability for listing of our Company under Rule 11.06 of the GEM Listing Rules. The Sole Sponsor concurs with the views of our Directors.

LITIGATION AND CLAIM

Save as the potential claim disclosed below, during the Track Record Period, no member of our Group was involved in any litigation, claim or arbitration of material importance, and no litigation, claim or arbitration of material importance is known to our Directors to be pending or threatened against any member of our Group.

In 2011 and 2012, we purchased certain LED panels from the Relevant Supplier, some of which were found to be substandard (the “**Defective Products**”). In accordance with the relevant purchase agreements, we had paid for the LED panels that met the specified quality requirements and made various written requests to return the Defective Products to the Relevant Supplier for replacement, but the Relevant Supplier ignored our requests. In July 2014 and May 2015, we received two demand letters, respectively from the Relevant Supplier claiming for an outstanding sum of approximately RMB4.3 million (equivalent to approximately HK\$4.8 million) in relation to our purchases of the Defective Products. In August 2015, our PRC legal adviser responded to the Relevant Supplier on our behalf resisting its demand of payment and we have received no response from the Relevant Supplier since then. Our Directors believe that we have a strong defence against such claim on the basis that the Defective Products supplied by the Relevant Supplier did not meet the quality requirements in accordance with the relevant purchase agreement. Notwithstanding the above, the relevant payable for the Defective Products has been fully provided for in the financial statements. Our Directors also confirmed that this potential claim would not have any material impact on our business operation or financial positions in the future.

Subsequent to this incident, we have adopted stringent quality control policies, such as selecting our suppliers carefully by applying a number of screening criteria, including the quality of their products, and closely monitoring the production of LED panels by our suppliers, to reduce the risks of procuring substandard equipment. Our in-house equipment development and maintenance team is

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also capable of providing repair and maintenance services to rectify technical defects in a timely manner to minimise the extent of business disruption in case of defective purchases. Please see the paragraphs headed “Quality Control” and “Repair and Maintenance” in this section above for further details of our quality control measures and our repair and maintenance capabilities. During the Track Record Period and up to the Latest Practicable Date, there had been no quality issue in relation to the visual display equipment we procured from our suppliers which would have had a material impact on our business, financial condition or results of operations.

LICENCE AND PERMITS

There is no specific licensing requirement for conducting our Group’s business in the jurisdictions from which our revenue was principally derived during the Track Record Period, namely Hong Kong, the PRC, Taiwan and Macau, in addition to what is generally required for carrying on businesses in such jurisdictions. As at the Latest Practicable Date, we have obtained all material licenses, permits and certificates which are necessary for its operations in Hong Kong, the PRC, Taiwan and Macau. Our Directors are not aware of any circumstances that may result in any material difficulties in renewing such licenses, permits and certificates as are generally required.

DIRECTORS AND SENIOR MANAGEMENT

The table below sets out certain information with respect to our Directors and senior management^(Note):

MEMBERS OF OUR BOARD

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position(s) in our Company	Roles and Responsibilities
Mr. Yeung Ho Ting Dennis (楊浩廷)	43	14 April 2009	4 November 2016	Chairman of the Board, chief executive officer and executive Director	Responsible for devising strategies to develop our Group and overseeing the business and financial performance of our Group
Mr. Tam Chun Yu (譚震宇)	40	1 June 2009	10 November 2016	Executive Director	Responsible for planning, organising, coordinating and implementing visual display solutions of our Group
Mr. Law Wang Chak Waltery (羅宏澤)	53	10 November 2016	10 November 2016	Non-executive Director	Responsible for formulation of financial strategies, corporate financing and investor relations
Mr. Li Kai Sing (李啟承)	55	19 May 2017	19 May 2017	Independent non-executive Director	Responsible for supervising and providing independent advice to our Board
Mr. Ma Tsz Chun (馬時俊)	51	19 May 2017	19 May 2017	Independent non-executive Director	Responsible for supervising and providing independent advice to our Board
Ms. Loh Lai Ping Phillis (羅麗萍)	52	19 May 2017	19 May 2017	Independent non-executive Director	Responsible for supervising and providing independent advice to our Board

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MEMBERS OF OUR SENIOR MANAGEMENT

Name	Age	Date of joining our Group	Date of appointment as senior management	Existing position(s) in our Company	Roles and Responsibilities
Ms. Ng Tsz Ning Loretta (吳紫鈴)	44	22 June 2015	22 June 2015	Accountant	Responsible for overseeing the day-to-day operation of financial activities of our Group
Mr. Lau Kai Chu Kevin (劉佳柱)	44	1 October 2016	1 October 2016	Internal audit manager	Responsible for company policy setting, performing internal audit, and monitoring internal control of operation
Mr. Xu Minghuan (徐明喚)	33	1 February 2009	1 February 2009	Project supervisor of Shiji Tiansheng Cultural	Responsible for organising, coordinating and implementing visual display solutions in PRC
Mr. Pei Mingzhong (裴明忠)	33	6 June 2013	6 June 2013	Deputy general manager of Shiji Tiansheng Technology	Responsible for equipment development and maintenance

Note: None of our Directors and senior management is personally related to each other.

BOARD OF DIRECTORS

Our Board currently consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors. The powers and duties of our Board include convening general meetings and reporting our Board's work at our Shareholders' meetings, determining our business and investment plans, preparing our annual financial budgets and financial reports, formulating proposals for profit distributions and for the increase or reduction of our share capital as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association. We have entered into a service contract with each of our executive Directors. We have also entered into a letter of appointment with each of our non-executive Director and independent non-executive Directors.

Executive Directors

Mr. Yeung Ho Ting Dennis (楊浩廷), aged 43, was appointed as our Director on 4 November 2016 and was re-designated as our executive Director, chief executive officer and chairman of our Board on 10 November 2016. Mr. Yeung is also the founder, chief executive officer of our Group and a director of each of ITP (BVI), ITP (HK), and the executive director, general manager and legal

DIRECTORS AND SENIOR MANAGEMENT

representative of each of Shiji Tiansheng Cultural and Shanghai Yingtegao. Mr. Yeung founded our Group in April 2009 and is primarily responsible for devising strategies to develop our Group and overseeing the business and financial performance of our Group. Throughout the years of serving our Group, Mr. Yeung led our Group to adopt a number of latest LED and projection technologies for creative applications for pop concerts, such as Mesh LED and transparent LED panels. Mr. Yeung has nearly 10 years of experience in video equipment rental and services. Prior to founding our Group, Mr. Yeung worked as a senior manager of I-MAG International Limited, a company which is principally engaged in video equipment rental business where he was responsible for customer accounts handling from April 2007 to May 2009. During the course of his promotion of video equipment rental service for I-MAG International Limited to its customers, Mr. Yeung acquired the relevant knowledge of the video equipment and visual display industry. From July 1999 to March 2007, Mr. Yeung worked in various companies and was responsible for sales of products and customer services.

Mr. Yeung was a director of the following companies which were incorporated in Hong Kong and was dissolved by deregistration by the Registrar of Companies of Hong Kong pursuant to section 291AA of the Predecessor Companies Ordinance or section 751 of the Companies Ordinance (as the case may be) and the relevant details are as follows:

Name of companies	Principal business activity three (3) months immediately before application for dissolutions	Nature of the proceeding involved	Date of application for dissolution	Date of dissolution	Reason for the dissolutions
Sinoled (Hong Kong) Company Limited (程達香港有限公司)	No activity	Deregistration	22 November 2007	3 April 2008	No activity ^(Note 1)
AV-Precision Technology Limited (視無限科技有限公司)	No activity	Deregistration	9 September 2009	29 January 2010	No further funding for business operation ^(Notes 1 and 2)
ITP Engineering Limited	No activity	Deregistration	8 December 2016	21 April 2017	No activity ^(Note 1)

Notes:

- Mr. Yeung confirmed that each of the dissolved companies above was solvent immediately prior to dissolution and had no outstanding claims or liabilities.
- AV-Precision Technology Limited was engaged in the trading and installation of surveillance system and development of digital recording systems. Given one of the shareholders did not inject further fund for the development, the company ceased its business activity and all shareholders resolved to deregister the company.

Mr. Yeung obtained a Bachelor of Civil Engineering degree from Monash University, Clayton Campus in Australia in May 1998.

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Mr. Tam Chun Yu (譚震宇), aged 40, was appointed as our executive Director on 10 November 2016. Mr. Tam joined our Group as an operation manager in June 2009 and is primarily responsible for planning, organising, coordinating and implementing visual display solutions of our Group. Mr. Tam has over 14 years of experience in video equipment rental and visual display solutions. Prior to joining our Group, Mr. Tam had the following relevant experience:

Period of service	Name of the company	Principal business of the company	Roles and major responsibilities
April 2007 to June 2009	I-MAG International Limited	Video equipment rental services	Technician Responsible for installation of video equipment and onsite operation
February 2002 to February 2006	Cosmo Pro AV Co.	Video equipment rental services	Technician Responsible for installation of video equipment and onsite operation

Mr. Tam attended his secondary school education in Hong Kong from September 1990 to August 1993.

Non-executive Director

Mr. Law Wang Chak Waltery (羅宏澤), aged 53, was appointed as our non-executive Director on 10 November 2016. Mr. Law has over 12 years of experience in the corporate finance and corporate restructuring profession. The table below sets out his relevant experience:

Period of service	Name of the company	Principal business of the company	Roles and major responsibilities
Since April 2015	D&G Technology Holding Company Limited (Stock Code: 1301)	Research and development, design, manufacturing and sale of asphalt mixing plants and provide one-stop customised solutions to customers in the PRC and abroad	Independent non-executive director, chairperson of the audit committee Responsible for participating in meetings of the board to bring an independent perspective and judgment on financial strategies

DIRECTORS AND SENIOR MANAGEMENT

Period of service	Name of the company	Principal business of the company	Roles and major responsibilities
Since September 2014	Orient Victory China Holdings Limited (Stock Code: 0265)	Sale of air-tickets and other travel related services and trading and manufacturing of jewellery products	Independent non-executive director, chairperson of the audit committee Responsible for participating in meetings of the board to bring an independent perspective and judgement on financial strategies
Since December 2010	Profundas Capital Limited	Private equity and fund management services	Executive partner Responsible for consultancy service assignments
June 2004 to October 2008	Nine Dragons Paper (Holdings) Limited (Stock Code: 2689)	Manufacture of linerboard, high performance corrugating medium and certain types of coated duplex board and printing and writing paper	Chief financial officer (June 2004 to July 2008) Non-executive director (August 2008 to October 2008) Responsible for supervision of financial matters and investor relations

Mr. Law was a director of the following companies which were incorporated in Hong Kong and dissolved by deregistration by the Registrar of Companies of Hong Kong pursuant to section 291AA of the Predecessor Companies Ordinance or section 751 of the Companies Ordinance (as the case may be) and the relevant details are as follows:

Name of companies	Principal business activity three (3) months immediately before application for dissolutions	Nature of the proceeding involved	Date of application for dissolution	Date of dissolution	Reason for the dissolutions
Gold Wheat Limited (兆禾有限公司)	Investment holdings	Deregistration	7 March 2001	13 July 2001	No business activity for a long period ^(Note)
Infoage Developments Limited (資信發展有限公司)	Consultancy services	Deregistration	4 May 2007	14 September 2007	No business activity for a long period ^(Note)

Note: Mr. Law confirmed that each of the dissolved companies above was solvent immediately prior to dissolution and had no outstanding claims or liabilities.

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Mr. Law was admitted as a fellow of the HKICPA and Association of Chartered Certified Accountants (formerly known as Chartered Association of Certified Accountants) in the United Kingdom in February 1998 and October 1995, respectively. Mr. Law is also an associate of the Institute of Chartered Accountants in England and Wales. Mr. Law obtained a master's degree in financial economics from the University of London in December 1995.

Independent non-executive Directors

Mr. Li Kai Sing (李啟承), aged 55, was appointed as our independent non-executive Director on 19 May 2017 and the chairperson of the audit committee and a member of the remuneration committee and nomination committee of our Company on 19 May 2017. Mr. Li has over 15 years of experience in accounting and finance matters. The table below sets out his relevant experience:

Period of service	Name of the company	Principal business of the company	Roles and major responsibilities
Since September 2003	Focus Films Limited	Movie production, distribution and investment	Executive director Responsible for, among others, financial and managerial accounting, tax compliance and film project management and administration
August 2000 to September 2003	Team Work Corporation Ltd.	Entertainment business including movie, music, album, concert and advertising business	Chief Financial Officer Responsible for developing and implementing strategic plans for the company, monitoring internal control system, corporate financial activities, film and concert management and fund raising from strategies investors

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Period of service	Name of the company	Principal business of the company	Roles and major responsibilities
June 1999 to July 2000	China Star Entertainment Limited (Stock Code: 0326)	Movie production distribution and investment	Financial controller Responsible for, among others, preparing financial statements in accordance with Hong Kong listing rules, analysing financial data, managing cash flow, and ensuring compliance with relevant regulations and internal requirements
October 1995 to March 1999	Interform Ceramics Technologies Limited (now known as Alibaba Pictures Group Limited) (Stock Code: 1060)	Manufacture and sales of building materials	Executive director Responsible for developing and implementing strategic plans for the company
July 1992 to December 1993	Leading Spirit (Holdings) Company Limited (subsequently known as Leading Spirit High-Tech (Holdings) Company Limited) (Stock Code: 0606)	Manufacture and sales of electronic products	Vice President, Finance Responsible for developing and implementing strategic plans for the company
January 1989 to June 1992	Management Investment & Technology Company Limited	Manufacture and sale of smoke detector and electric scale	Management Accounting Manager (January 1989 to September 1989) Senior Accounting Manager (October 1989 to June 1992) Responsible for planning and managing the daily accounting and financial operations of the company

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Period of service	Name of the company	Principal business of the company	Roles and major responsibilities
July 1985 to January 1989	Coopers & Lybrand (now known as PricewaterhouseCoopers)	Auditing services	Last served as Supervisor II Responsible for audit works

Mr. Li was a director of the following companies which were incorporated in Hong Kong and dissolved by deregistration by the Registrar of Companies of Hong Kong pursuant to section 291AA of the Predecessor Companies Ordinance or section 751 of the Companies Ordinance (as the case may be) and the relevant details are as follows:

Name of companies	Principal business activity three (3) months immediately before application for dissolutions	Nature of the proceeding involved	Date of application for dissolution	Date of dissolution	Reason for the dissolutions
Gold Wheat Limited (兆禾有限公司)	Investment holdings	Deregistration	7 March 2001	13 July 2001	No business activity for a long period ^(Note)
Mega Winner Investment Limited (必添投資有限公司)	Investment holdings	Deregistration	7 March 2001	13 July 2001	No business activity for a long period ^(Note)
Sino Fantasy Limited (華泛有限公司)	Investment holdings	Deregistration	12 October 2004	4 March 2005	No business activity for a long period ^(Note)
Tripower Limited (志穎有限公司)	Investment holdings	Deregistration	19 December 2005	28 April 2006	No business activity for a long period ^(Note)
Continental Coffee Co. Limited (歐陸咖啡有限公司)	No activity	Deregistration	10 April 2015	21 August 2015	No business activity for a long period ^(Note)

DIRECTORS AND SENIOR MANAGEMENT

Name of companies	Principal business activity three (3) months immediately before application for dissolutions	Nature of the proceeding involved	Date of application for dissolution	Date of dissolution	Reason for the dissolutions
Donciel Limited	Investment holding	Deregistration	10 November 2009	26 March 2010	No business activity for a long period ^(Note)

Note: Mr. Li confirmed that each of the dissolved companies above was solvent immediately prior to dissolution and had no outstanding claims or liabilities.

Mr. Li was admitted as an associate of HKICPA in September 1988 and is currently a member of HKICPA. He was also admitted as an associate of the Association of Chartered Certified Accountants (formerly known as Chartered Association of Certified Accountants) in September 1988. Mr. Li was also a certified financial planner as recognised by the Institute of Financial Planners of Hong Kong in July 2004. Mr. Li obtained an Executive Master of Business Administration from The Hong Kong University of Science and Technology in November 2007 and a Bachelor of Social Science degree from The Chinese University of Hong Kong in December 1985.

Mr. Ma Tsz Chun (馬時俊), aged 51, was appointed as our independent non-executive Director on 19 May 2017 and the chairperson of the remuneration committee and a member of the audit committee and nomination committee of our Company on 19 May 2017. Mr. Ma has over 29 years of experience in accounting and finance matters. The table below sets out his most recent experience:

Period of service	Name of the company	Principal business of the company	Roles and major responsibilities
Since November 2014	Andrew & Associates CPA Limited	Auditing services	Director Responsible for audit works
Since October 2004	Sino-Bridge China Consulting Ltd.	China consulting services	Director Responsible for general management
Since November 2008	Chinese Estates Holdings Limited (Stock Code: 0127)	Property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading	Independent non-executive director Responsible for supervising and providing independent advice to the board

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Mr. Ma was a director of the following companies which were incorporated in Hong Kong and dissolved by (i) striking off by the Registrar of Companies of Hong Kong pursuant to section 291 of the Predecessor Companies Ordinance or section 746 of the Companies Ordinance (as the case may be) or (ii) deregistration by the Registrar of Companies of Hong Kong pursuant to section 291AA of the Predecessor Companies Ordinance or section 751 of the Companies Ordinance (as the case may be) and the relevant details are as follows:

Name of companies	Principal business activity three (3) months immediately before application for dissolutions	Nature of the proceeding involved	Date of application for dissolution	Date of dissolution	Reason for the dissolutions
JC Premier Financial Services Limited (金億財 經服務有限公 司)	No activity	Striking Off	15 August 2008	15 August 2008	Cessation of business ^(Note)
Key Health (International) Limited (康之源 (國際)有限公司)	No activity	Deregistration	26 March 2004	6 August 2004	Cessation of business ^(Note)
Manforce Limited (萬策有限公司)	No activity	Deregistration	23 March 2004	30 July 2004	Cessation of business ^(Note)

Note: Mr. Ma confirmed that each of the dissolved companies above was solvent immediately prior to dissolution and had no outstanding claims or liabilities.

Mr. Ma was admitted as an associate of HKICPA in September 1990 and a certified public accountant (practicing) of that organisation in January 2001, and is currently a member of HKICPA. He was also admitted initially as an associate in October 1990 and subsequently as a fellow in November 1995 of the Association of Chartered Certified Accountants (formerly known as Chartered Associations of Certified Accountants). He has also been admitted as an associate of Institute of Chartered Secretaries & Administrators in October 1992 and an associate of The Hong Kong Institute of Company Secretaries in August 1994.

Mr. Ma obtained a master's degree of science in China business studies from Hong Kong Polytechnic University in October 2009, a master's degree of science and a master's degree of business administration both from The Chinese University of Hong Kong in December 2003 and December 1997 respectively, and a professional diploma in accountancy in Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) in November 1987.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Loh Lai Ping, Phillis (羅麗萍), aged 52, was appointed as our independent non-executive Director on 19 May 2017 and a member of the audit committee and remuneration committee of our Company on 19 May 2017. Ms. Loh has accumulated extensive experience in the legal field since 1988. From September 1988 to July 1993, Ms. Loh served as a trainee solicitor initially and then a solicitor in Johnson Stokes & Master, a law firm, where she was responsible for various legal matters including litigation. Since February 1999, she has been a barrister responsible for litigation work. The table below sets out her relevant experience in public companies:

Period of service	Name of the company	Principal business of the company	Roles and major responsibilities
Since January 2006	Chinese Estates Holdings Limited (Stock Code: 0127)	Property investment and development, brokerage, securities investment, money lending and cosmetics distribution and trading	Independent non-executive director Responsible for supervising and providing independent advice to the board
April 2003 to February 2005	The Kwong Sang Hong International Limited (Former Stock Code: 0189)	Investment holding	Independent non-executive director Responsible for supervising and providing independent advice to the board

Ms. Loh was a director of the following company which was incorporated in Hong Kong and was dissolved by deregistration by the Registrar of Companies of Hong Kong pursuant to section 291AA of the Predecessor Companies Ordinance or section 751 of the Companies Ordinance (as the case may be) and the relevant details are as follows:

Name of companies	Principal business activity three (3) months immediately before application for dissolutions	Nature of the proceeding involved	Date of application for dissolution	Date of dissolution	Reason for the dissolutions
Dextella Limited	Property holding	Deregistration	18 July 2003	28 November 2003	The property of the company was sold ^(Note)

Note: Ms. Loh confirmed that the dissolved company above was solvent immediately prior to dissolution and had no outstanding claims or liabilities.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Loh was admitted as a solicitor of the Supreme Court of Hong Kong in September 1990 and a barrister of the High Court of Hong Kong in January 1998. She was also admitted as a solicitor of the Supreme Court of England and Wales in August 1991. She has also been a solicitor and a barrister of the Supreme Court of Australian Capital Territory in Australia since October 1991.

Ms. Loh obtained a bachelor's degree of laws and a postgraduate certificate in laws from The University of Hong Kong in November 1987 and June 1988 respectively.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the GEM Listing Rules as at the Latest Practicable Date. Save as disclosed above, none of our Directors has been a director of other listed companies for the three years immediately preceding the date of this prospectus.

SENIOR MANAGEMENT

Ms. Ng Tsz Ning Loretta (吳紫鈴), aged 44, is an accountant of our Group. Ms. Ng joined our Group in June 2015 and is primarily responsible for overseeing the day-to-day operation of financial activities of our Group. Ms. Ng has over 23 years of experience in accounting and finance. Prior to joining our Group, Ms. Ng had the following relevant experience:

Period of service	Name of the company	Principal business of the company	Roles and major responsibilities
March 2014 to June 2015	ASB Biodiesel (HK) Ltd.	Manufacturing and sales of biodiesel	Accounting supervisor Responsible for month-end closing and preparation of financial statements
February 2012 to November 2013	Team Success (Pacific) Ltd.	Trading of tobacco product	Accountant Responsible for preparation of monthly financial statements
April 2011 to September 2011	Jiawei Solarchina Company Limited	Manufacturing and sales of solar photovoltaic	Accounting manager Responsible for preparation of monthly financial statements

DIRECTORS AND SENIOR MANAGEMENT

Period of service	Name of the company	Principal business of the company	Roles and major responsibilities
March 2010 to February 2011	Saraya Hong Kong Co. Ltd.	Manufacturing and sales of hygiene products	Assistant accounting manager Responsible for preparation of accounting vouchers and financial statements
March 2003 to December 2009	New Ocean Technology Limited	Trading of machineries	Accounting manager Responsible for preparing financial statements, overseeing the PRC accountants' reports and monitoring the payroll status
February 2000 to February 2003	VK Holdings (HK) Limited	Trading of LCD, LED and ferrite cores	Accounting and administration manager Responsible for review and preparation of accounting vouchers and financial statements
July 1994 to February 2000	Guangzhou Investment Company Limited (now known as Yuexiu Property Company Limited) (Stock Code: 0123)	Development, sales and management of properties and holding of investment properties	Senior accounts clerk Responsible for bookkeeping and preparing financial statements
August 1993 to May 1994	Nagase (Hong Kong) Limited	Trading of chemical product	Accounting clerk Responsible for bookkeeping

Ms. Ng obtained a bachelor degree in accountancy from University of South Australia by distance learning in April 2003.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lau Kai Chu Kevin (劉佳柱), aged 44, is the internal audit manager of our Group. Mr. Lau joined our Group in October 2016 and is primarily responsible for company policy setting, performing internal audit, and monitoring internal control of operation. Mr. Lau has over 20 years of experience in accounting and internal audit. Prior to joining our Group, Mr. Lau had the following relevant experience:

Period of service	Name of the company	Principal business of the company	Roles and major responsibilities
July 2013 to September 2016	JR Corporate Services Limited	Business consultancy services	Director Responsible for providing financial and business advisory service
April 2012 to December 2012	CCT Telecom (HK) Limited	Manufacture of small electrical components	Last served as an internal audit manager Responsible for planning and execution of internal audit
October 2008 to October 2010	J.V. Fitness Limited	Operation of fitness centres	Regional manager, control and compliance Responsible for regional planning and execution of internal audit
December 2006 to October 2008	Michel of HK	Manufacture of woven sweaters	Internal auditor Responsible for management account and internal audit function
August 2004 to November 2006	Brilliant Label Manufacturing Ltd.	Manufacture of woven labels	Last served as a business process analyst Responsible for internal audit function

DIRECTORS AND SENIOR MANAGEMENT

Period of service	Name of the company	Principal business of the company	Roles and major responsibilities
August 1999 to March 2002	Tommy Hilfiger (HK) Ltd.	Sourcing of fashion brand in clothing	Internal audit officer (August 1999 to March 2001) Senior internal audit officer (April 2001 to March 2002) Responsible for carrying out internal audit review exercise
July 1996 to March 1999	Wong Lam Leung & Kwok Certified Public Accountants	Accounting and audit services	Audit Assistant (July 1996 to March 1999) Audit semi senior (July 1997 to March 1999) Responsible for audit works

Mr. Lau was admitted as a certified internal auditor of the Institute of Internal Auditors in May 2006. Mr. Lau obtained his bachelor's degree of commerce from University of Manitoba in Canada in May 1996.

Mr. Xu Minghuan (徐明喚), aged 33, is the project supervisor of Shiji Tiansheng Cultural. Mr. Xu joined our Group in February 2009 and is primarily responsible for organising, coordinating and implementing visual display solutions in PRC. Mr. Xu has over 10 years of experience in visual display solutions and operating of visual equipment. Prior to joining our Group, Mr. Xu served as a technical engineer at I-MAG International Limited, a company which was principally engaged in the business of video equipment rental, from May 2007 to June 2009, where he was primarily responsible for coordinating and implementing visual display solutions. From February 2004 to May 2007, Mr. Xu served as the technical director at Black Leopard Performance Equipment Limited (黑豹演藝設備有限公司), a company which was principally engaged in the business of production of lighting and LED and rental of equipment, where he was primarily responsible for repair and installation of equipment.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Xu received his vocational secondary education regarding electrical and mechanical integration in Guangdong Mechanical & Electrical Polytechnic (廣東省機電學校) in July 2003.

Mr. Pei Mingzhong (裴明忠), aged 33, is the deputy general manager of Shiji Tiansheng Technology. Mr. Pei joined our Group in June 2013 and is primarily responsible for equipment development and maintenance. Mr. Pei has over eight years of experience in visual equipment development. Prior to joining our Group, Mr. Pei had the following relevant experience:

<u>Period of service</u>	<u>Name of the company</u>	<u>Principal business of the company</u>	<u>Roles and major responsibilities</u>
December 2012 to June 2013	Shenzhen Zhongxiang Innovation Optoelectronics Limited (深圳中祥創新光電有限公司)	Production of LED panels	Technical director of Research and Development Department Responsible for design and development of LED products
August 2008 to December 2012	Shenzhen Broad Horizon Optoelectronics Limited (深圳大眼界光電科技有限公司)	Production of LED panels	Manager of Research and Development Department Responsible for design and development of LED products

Mr. Pei received his tertiary education in mechatronics from Jiangxi Yuzhou Electronic Industrial College (江西渝州電子工業學院) in July 2003.

None of our senior management members has been a director of any other listed companies during the three years immediately preceding the date of this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Ms. Leung Yin Fai (梁燕輝), aged 52, was appointed as our company secretary on 10 November 2016. Ms. Leung has over 20 years of experience in accounting and corporate services. The table below sets out her relevant experience:

Period of service	Name of the company	Principal business of the company	Roles and major responsibilities
Since April 2016	K E Corporate Services Ltd	Corporate services provider	Director Responsible for developing strategy, policy and overseeing business and financial performance of the group
Since August 2015	K E Management & Consultancy (Shanghai) Co., Ltd.	Corporate services provider	Managing director Responsible for overseeing the daily operation
Since April 2014	North Asia Resources Holdings Ltd. (Stock Code: 0061)	Sales of information technology products, system integration, software development, technology service and comprehensive product solution and geological survey, exploration and development of coal, sales of coking coal and coal trading	Independent non-executive director Responsible for supervising and providing independent advices to the board
From August 2008 to October 2014	KCS Hong Kong Limited	Corporate services provider	Director Responsible for providing advices to the board in relation to the operation of the company and its clients in China

Before joining the above companies, Ms. Leung worked in Deloitte Touche Tohmatsu CPA Ltd. until May 2007 and last served as an audit partner of that firm.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Leung was admitted as a fellow of the Association of Chartered Certified Accountants (currently known as Chartered Association of Certified Accountants) in the United Kingdom in July 1995. Ms. Leung was also admitted as a fellow member of the CPA Australia in May 2004 and is currently a member of HKICPA. Ms. Leung obtained a master's degree in commerce from the University of New South Wales, Australia in November 2002.

COMPLIANCE OFFICER

Mr. Yeung is the compliance officer of our Company. Please see the paragraph headed "Board of Directors — Executive Directors" in this section for details of Mr. Yeung's biography.

BOARD COMMITTEES

Audit Committee

We have established an audit committee on 19 May 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the CG Code as set out in Appendix 15 of the GEM Listing Rules. The audit committee consists of three members, Mr. Li Kai Sing, Mr. Ma Tsz Chun, and Ms. Loh Lai Ping Phillis. The audit committee is chaired by Mr. Li Kai Sing. The primary duties of the audit committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, risk management and internal control systems of our Group, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

We have established a remuneration committee on 19 May 2017 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and paragraph B.1.2 of the CG Code as set out in Appendix 15 of the GEM Listing Rules. The remuneration committee consists of three members, Mr. Ma Tsz Chun, Mr. Li Kai Sing and Ms. Loh Lai Ping Phillis. The remuneration committee is chaired by Mr. Ma Tsz Chun. The primary duties of the remuneration committee include (but without limitation): (a) making recommendations to our Directors regarding our policy and structure for the remuneration of all our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (b) making recommendations to our Board on the remuneration packages of our Directors and senior management; (c) reviewing and approving the management's remuneration proposals with reference to our Board's corporate goals and objectives; and (d) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

During the Track Record Period, our remuneration policy for our Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of our Group and the individual performance of our Directors and senior management members. We intend to adopt the same remuneration policy after the Listing, subject to review by and the recommendations of our remuneration committee.

DIRECTORS AND SENIOR MANAGEMENT

Nomination Committee

We have established a nomination committee on 19 May 2017 with written terms of reference in compliance with paragraph A.5.2 of the CG Code as set out in Appendix 15 of the GEM Listing Rules. The nomination committee consists of three members, Mr. Yeung Ho Ting Dennis, Mr. Ma Tsz Chun, and Mr. Li Kai Sing. The nomination committee is chaired by Mr. Yeung Ho Ting Dennis. The primary duties of the nomination committee is to identify individuals suitably qualified to become Board members and select, or make recommendations to our Board on the selection of, individuals nominated for directorships.

CORPORATE GOVERNANCE

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve effective accountability.

Our Company has adopted the code provisions stated in the CG Code as set out in Appendix 15 to the GEM Listing Rules. Our Company is committed to the view that our Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

Except for the deviation from code provision A.2.1 of the CG Code, our Company's corporate governance practices have complied with the CG Code. Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yeung is the chairman and the chief executive officer of our Company. In view of Mr. Yeung's role in day-to-day operations and management of our Group since April 2009, our Board believes that it is in the best interest of our Group to have Mr. Yeung taking up both roles for effective management and business development. Therefore, our Directors consider that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance and our Board is of the view that this management structure is effective for our Group's operations and sufficient checks and balances are in place.

Our Directors are aware that upon Listing, we are expected to comply with such code provision. Any such deviation shall however be carefully considered, and the reasons for such deviation shall be given in the interim report and the annual report in respect of the relevant period. We are committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders as a whole. Save as disclosed in the above, we will comply with the code provisions set out in the CG Code in Appendix 15 to the GEM Listing Rules after the Listing.

DIRECTORS AND SENIOR MANAGEMENT

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our executive Directors and senior management, who are also our employees, receive, in their capacity as our employees, compensation in the form of salary, cash bonus and other allowances.

For FY2015, FY2016 and 1HFY2017, the aggregate amount of remuneration including fees, salaries, contributions to pension schemes, housing allowances and other allowances, benefits in kind and discretionary bonuses which were paid by our Group to our Director was approximately HK\$1.4 million, HK\$1.0 million and HK\$0.6 million, respectively.

For FY2015, FY2016 and 1HFY2017, the aggregate amount of remuneration including fees, salaries, contributions to pension schemes, housing allowances and other allowances, benefits in kind and discretionary bonuses which were paid by our Group to our five highest paid individuals was approximately HK\$3.0 million, HK\$3.4 million and HK\$1.4 million, respectively.

No remuneration was paid by our Group to our Directors or past directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of FY2015, FY2016 and 1HFY2017. Further, none of our Directors waived any remuneration during the same periods.

Under our arrangements currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind) of our Directors for the year ending 31 May 2017 is estimated to be no more than HK\$1.5 million.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme on 19 May 2017. Please see “Appendix IV — Statutory and General Information — D. Other Information — 1. Share Option Scheme” for details of the Share Option Scheme.

COMPLIANCE ADVISER

We have appointed Shenwan Hongyuan Capital (H.K.) Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.19 of the GEM Listing Rules, the compliance adviser will advise us 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 share issues and share repurchases;

DIRECTORS AND SENIOR MANAGEMENT

- (c) where we propose to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate (if any) or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our listed securities under Rule 17.11 of the GEM Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the second full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately upon completion of the Share Offer and the Capitalisation Issue, Mr. Yeung will, through his 75% shareholding in Next Vision, indirectly and beneficially own in total approximately 75% of the issued shares of our Company taking no account of the Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme, and hence Mr. Yeung and Next Vision are our Controlling Shareholders. As Mr. Chang, UCP and Ms. Ching directly or indirectly hold their interest in our Company through the common investment vehicle (i.e. Next Vision) with Mr. Yeung, Mr. Chang, UCP and Ms. Ching are also presumed to be our Controlling Shareholders.

Next Vision is an investment holding company.

Please see “Directors and Senior Management — Board of Directors — Executive Directors” for the biography of Mr. Yeung.

Mr. Chang has around 18 years of experience in the field of concert stage engineering business in Taiwan. As at the Latest Practicable Date, he held around 9.4% interest in Customer D, a production house (“**Other Business**”). Customer D mainly conducts the business of visual content design, production, creative marketing, and project coordination in concerts and live stage performances in Taiwan.

UCP is an investment holding company and holds no interest in entities or business other than Next Vision. Ms. Ching, being its sole shareholder, has over 20 years of experience in cultural and entertainment industry. Apart from investing in ITP(HK), she works in a record label company and is mainly involved in musical and copyright work, and arranging artists for commercial concerts.

As at the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates is interested in any business which is, either directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Non-Competition Agreement in favour of our Company to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

DELINEATION OF BUSINESS

Our Group mainly provides visual display solutions, including pre-execution consultation on visual effect design and technical feasibility, provision of visual display equipment, customisation of visual display solutions, on-site installation in accordance with the stage diagram or other requirements of our customers, and general technical support during the performance. We do not design the visual content to be displayed in our equipment. On the other hand, the Other Business focuses on visual content design, production, creative marketing and project coordination. In view of the above, our Directors are of the view that there is a clear delineation between the Other Business

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

and our business, and as a result none of the Other Business would compete, or is expected to compete, directly or indirectly, with our business. None of the companies in which Mr. Chang and/or his associates has an interest are engaged in any business relating to the provision of visual display solution in Hong Kong, the PRC, Taiwan and Macau that competes or may compete with us.

Our Directors believe that the Other Business can be clearly differentiated from our business. The Other Business and our business are different in terms of the nature of the services provided and market segment and are independently operated. Given the different nature of our business and the Other Business, our Directors do not expect there to be any overlap or competition of our Group's business and the Other Business after Listing.

None of our Controlling Shareholders is interested in any business which is, whether directly or indirectly, in competition with our business. To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-Competition in favour of our Company to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest, or otherwise be involved in any business which may be in competition with our businesses.

NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders has, unconditionally and irrevocably, undertaken to us in the Deed of Non-Competition that he/she/it will not, and will procure his/her/its close associates (other than members of our Group) not to, for himself/herself/itself or jointly with or acting for any other person, firm or company as shareholder(s), director(s), partner(s), agent(s), employee(s) or otherwise, and whether or not for profit, remuneration or other purpose, directly or indirectly be involved or engaged in or undertake any business (other than our business) that directly or indirectly competes, or may compete, with our business or undertaking (the “**Restricted Activity**”), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by our Group from time to time except where our Controlling Shareholders and/or his/her/its close associates hold less than 5% of the total issued shares of any company (whose shares are listed on the Stock Exchange or other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not control 10% or more of the composition of the board of directors of such company.

Further, each of our Controlling Shareholders has undertaken that if any new business investment or other business opportunity relating to the Restricted Activity (the “**Competing Business Opportunity**”) is identified by or made available to him/her/it or any of his/her/its close associates, he/she/it shall, and shall procure that his/her/its close associates shall, refer such Competing Business Opportunity to our Company on a timely basis and in the following manner:

- refer the Competing Business Opportunity to our Company by giving written notice (the “**Offer Notice**”) to our Company of such Competing Business Opportunity within 30 business days (or such later time as the uninterested independent non-executive Directors

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

may agree) of identifying the target company (if relevant) and the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for our Company to consider whether to pursue such Competing Business Opportunity;

- upon receiving the Offer Notice, our Company shall seek approval from our Board or a Board committee (in each case comprising only independent non-executive Directors who have no interest in the Competing Business Opportunity, the “**Independent Board**”) as to whether to pursue or decline the Competing Business Opportunity (any Director who has an actual or potential interest in the Competing Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the Independent Board) and voting at, and shall not be counted in the quorum for, any meeting convened to consider such Competing Business Opportunity);
- the Independent Board shall consider all relevant factors including but not limited to the financial impact of pursuing the Competing Business Opportunity offered, whether the nature of the Competing Business Opportunity is consistent with our Group’s strategies and development plans and the general market conditions of our business. If appropriate, the Independent Board may appoint independent financial advisors and legal advisors to assist in the decision-making process in relation to such Competing Business Opportunity at the cost of our Company;
- the Independent Board shall, within 30 business days (or such later time as the uninterested independent non-executive Directors may agree) of receipt of the Offer Notice referred above, inform our Controlling Shareholders in writing on behalf of our Company its decision whether to pursue or decline the Competing Business Opportunity;
- our Controlling Shareholders and/or their respective associates shall be entitled but not obliged to pursue such Competing Business Opportunity if he/it has received a notice from the Independent Board declining such Competing Business Opportunity or if the Independent Board failed to respond within such 30 business days’ period (or such later time as the uninterested independent non-executive Directors may agree) mentioned above; and
- if there is any material change in the nature, terms or conditions of such Competing Business Opportunity pursued by our Controlling Shareholders, he/it shall refer such revised Competing Business Opportunity to our Company as if it were a new Competing Business Opportunity.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The Deed of Non-Competition will lapse automatically if our Controlling Shareholders and their close associates cease to hold, whether individually or collectively, directly or indirectly, 30% of our Shares or cease to be our Controlling Shareholders (as defined under the GEM Listing Rules from time to time) or our Shares cease to be listed on the Stock Exchange. For the avoidance of doubt, if any of our Controlling Shareholders ceases to hold any Share or control the composition of the majority of our Board, the Deed of Non-Competition shall no longer apply to that Controlling Shareholder, save and except for the antecedent obligations of that Controlling Shareholder.

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-Competition includes the following provisions:

- our independent non-executive Directors shall review, at least on an annual basis, the compliance with the Deed of Non-Competition by our Controlling Shareholders;
- each of our Controlling Shareholders has undertaken to us that he/it will, and will procure his/its relevant close associates to, provide all information necessary for the annual review by our independent non-executive Directors for the performance of the Deed of Non-Competition;
- we will disclose the review by our independent non-executive Directors on the compliance with, and the implementation of, the Deed of Non-Competition in our annual report or by way of announcement to the public in compliance with the requirements of the GEM Listing Rules;
- we will disclose the decisions on matters reviewed by the independent non-executive Directors (including the reasons for not taking up the Competing Business Opportunity referred to our Company) either through our annual report or by way of announcement to the public; and
- each of our Controlling Shareholders will make an annual declaration in our annual report on the compliance with the Deed of Non-Competition in accordance with the principle of voluntary disclosure in the corporate governance report.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors.

Mr. Chang and Ms. Ching do not participate in the management of our Group. Whilst Mr. Yeung is the chairman of the Board, the chief executive officer and an executive Director, in the event that Mr. Yeung is required to absent himself from any Board meeting on any matter which may give rise to a potential conflict of interest of himself or his close associates with our Group, our remaining Directors will have sufficient expertise and experience to fully consider any such matter.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

We believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates (other than members of our Group) after Listing for the following reasons:

- (a) as at the Latest Practicable Date, no executive Director had overlapping roles or responsibilities in any business (apart from the business of our Group) which competes or is likely to compete, either directly or indirectly, with our business;
- (b) as at the Latest Practicable Date, none of our Directors had any interest in any business (apart from the business of our Group) which competes or is likely to compete, either directly or indirectly, with our business;
- (c) as at the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates had any interest in any business (apart from the business of our Group) which competes or is likely to compete, either directly or indirectly, with our business;
- (d) as at the Latest Practicable Date, we had our own independent operation capabilities and independent access to customers and suppliers;
- (e) we are also in possession of all relevant licences necessary to carry on and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently;
- (f) we are financially independent of our Controlling Shareholders and their respective close associates as all loans, advances and balances due to our Controlling Shareholders and their respective close associates will be fully settled by cash and/or by way of Capitalisation Issue prior to the Share Offer and that all share pledges, security and guarantees provided by our Controlling Shareholders and their respective close associates on our Group's outstanding borrowing will be released and replaced by corporate guarantees given by our Company upon Listing. In addition, we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third-party financing.

Our Directors are satisfied that we are capable of carrying on our business independently from any of our Controlling Shareholders (including their respective close associates) after the Listing.

CORPORATE GOVERNANCE MEASURES

Our Controlling Shareholders and their respective close associates may not compete with us as provided in the Deed of Non-Competition. Each of our Controlling Shareholders has confirmed that he/she/it fully comprehends his/her/its obligations to act in our Shareholders' best interests as a whole.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) as part of our preparation for the Share Offer, we have amended our Articles of Association to comply with the GEM Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest, nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/ herself from the meetings of the Board on matters in which such Director or any of his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. Please see “Directors and Senior Management — Board of Directors — Independent non-executive Directors” for details of our independent non-executive Directors; and
- (d) we have appointed Shenwan Hongyuan Capital (H.K.) Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors’ duties and corporate governance.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors or chief executive as at the Latest Practicable Date immediately prior to and following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the following persons have interests or short positions in our Shares or underlying Shares which will fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is and/or will be are and/or will, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group:

(a) *Interests in our Company*

Name of shareholders	Nature of interest	Immediately prior to the completion of the Share Offer and the Capitalisation Issue		Immediately following the completion of the Share Offer and the Capitalisation Issue	
		Number of shares ^(Note 1)	Approximate percentage of shareholding	Number of shares ^(Note 1)	Approximate percentage of shareholding
Next Vision ^(Note 2) . . .	Beneficial owner	1(L)	100%	600,000,000(L)	75%
Mr. Yeung ^(Note 2) . . .	Interest in controlled corporation	1(L)	100%	600,000,000(L)	75%

Notes:

- The letter “L” denotes the person’s long position in the Shares.
- Next Vision is beneficially owned by Mr. Yeung as to 75%. By virtue of the SFO, Mr. Yeung is deemed to be interested in our Shares held by Next Vision.

(b) *Interest in Shiji Tiansheng Technology*

Name of shareholders	Nature of interest	Immediately prior to the completion of the Share Offer and the Capitalisation Issue		Immediately following the completion of the Share Offer and the Capitalisation Issue	
		Number of Shares ^(Note 1)	Approximate percentage of shareholding	Number of Shares ^(Note 1)	Approximate percentage of shareholding
Pan Zeming	Beneficial owner	N/A	15%	N/A	15%
Pei Mingzhong	Beneficial owner	N/A	15%	N/A	15%

Save as disclosed in this prospectus, our Directors or chief executive are not aware of any person who are and/or will, immediately following the completion of the Share Offer and Capitalisation Issue (assuming no Shares are to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), have interests or short positions in our Shares or underlying Shares which will fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is and/or will be, directly or indirectly, interested in 10% or more of issued voting shares of any other member of our Group. As at the Latest Practicable Date, our Directors were not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Share Offer (without taking into account the Shares which may be allotted and issued upon to the exercise of any options which may be granted under the Share Option Scheme) and the Capitalisation Issue:

		<u>Nominal Value</u>
		<i>HK\$</i>
Authorised share capital:		
<u>3,000,000,000</u>	Shares of HK\$0.01 each	<u>30,000,000.00</u>
		<u>Nominal Value</u>
		<i>HK\$</i>
Issued and to be issued, fully paid or credited as fully paid:		
1	Share in issue as at the date of this prospectus	0.01
599,999,999	Shares to be issued pursuant to the Capitalisation Issue	5,999,999.99
<u>200,000,000</u>	Shares to be issued pursuant to the Share Offer	<u>2,000,000.00</u>
<u>800,000,000</u>	Total	<u>8,000,000.00</u>

ASSUMPTIONS

According to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of our Shares in the hands of the public.

The above table assumes that the Share Offer becomes unconditional and the issue of Shares pursuant to the Share Offer and the Capitalisation Issue are made. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be issued or bought back by us pursuant to the general mandates granted to our Directors to issue or buy back Shares as described below.

RANKINGS

The Offer Shares will be ordinary shares in the share capital of our Company and will rank equally in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalisation Issue.

SHARE CAPITAL

CAPITALISATION ISSUE

Pursuant to the resolutions in writing of our then sole Shareholder passed on 19 May 2017, our Directors are authorised to capitalise an amount of HK\$11,999,999.98 owing by ITP (HK) to Next Vision to the persons whose names appear on the register of members of our Company on the date immediately before the date of the Listing in accordance with their respective shareholding in our Company.

GENERAL MANDATE TO ALLOT AND ISSUE NEW SHARES

Our Directors have been granted a general mandate to allot, issue and deal with Shares and to make or grant any offers, agreements, or options (including warrants, bonds, debentures and other securities which carry rights to subscribe for or are convertible into Shares), which would or might require the exercise of such power during or after the continuance of such mandate, provided that the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted by our Directors shall not exceed:

- (1) 20% of the total number of the Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme); and
- (2) the total number of the issued Shares bought back by our Company (if any) pursuant to the general mandate to buy back Shares granted to our Directors referred to below.

Our Directors may, in addition to the Shares which they are authorised to issue under this general mandate, allot, issue or deal with Shares pursuant to (A) a rights issue, (B) scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, (C) the exercise of any option which may be granted under the Share Option Scheme or other similar arrangement, or (D) a specific authority granted by our Shareholders in general meeting.

This general mandate to issue Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company's next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable laws or the Articles of Association to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Please see "Appendix IV — Statutory and General Information — A. Further Information about Our Group — 3. Resolutions in writing of our then sole Shareholder passed on 19 May 2017" for further information of this general mandate.

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GENERAL MANDATE TO BUY BACK SHARES

Our Directors have been granted a general mandate to exercise all the powers of our Company to buy back Shares with a total number of the Shares not exceeding 10% of the total number of the Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

This mandate only relates to buy-backs made on the Stock Exchange or 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 the GEM Listing Rules. Please see “Appendix IV — Statutory and General Information — A. Further Information about Our Group — 6. Buy-backs of our Shares” for a summary of the relevant GEM Listing Rules.

This general mandate to buy back Shares will remain in effect until the earliest of:

- (i) the conclusion of our Company’s next annual general meeting; or
- (ii) the expiry of the period within which our Company is required by any applicable laws or the Articles of Association to hold its next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Please see “Appendix IV — Statutory and General Information — A. Further Information about Our Group — 3. Resolutions in writing of our then sole Shareholder passed on 19 May 2017” for further information on this general mandate.

SHARE OPTION SCHEME

Pursuant to the written resolutions of our then sole Shareholder dated 19 May 2017, we conditionally adopted the Share Option Scheme. Please see “Appendix IV — Statutory and General Information — D. Other Information — 1. Share Option Scheme” for a summary of the principal terms of the Share Option Scheme.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into the Shares as at the Latest Practicable Date.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks equally with the other shares. Pursuant to the Cayman Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of our Shareholders (i) increase its capital; (ii) consolidate and divide its capital into shares of larger

SHARE CAPITAL

amount; (iii) divide its shares into several classes; (iv) subdivide its shares into shares of smaller amount; and (v) cancel any shares which have not been taken. In addition, our Company may be subject to the provisions of the Companies Law reduce its share capital or capital redemption reserve by our Shareholders passing a special resolution. Please see “Appendix III — Summary of the Constitution of our Company and the Cayman Islands Company Law — 2. Articles of Association — (a) Shares — (iii) Alteration of capital” for details.

Pursuant to the Cayman Companies Law and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the Share or any class of Shares may 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. Please see “Appendix III — Summary of the Constitution of our Company and the Cayman Islands Company Law — 2. Articles of Association — (a) Shares — (ii) Variation of rights of existing shares or classes of shares” for details.

Apart from the above, our Company will also hold general meetings from time to time as may be required under the Articles of Association. Please see “Appendix III — Summary of the Constitution of our Company and the Cayman Islands Company Law” for a summary of the Articles of Association.

FINANCIAL INFORMATION

The following discussion and analysis should be read in conjunction with our consolidated financial information included in “Appendix I — Accountant’s Report” together with the accompanying notes. Our consolidated financial information have been prepared in accordance with HKFRS. Our financial information and the discussion and analysis below assume that our current structure had been in existence throughout the Track Record Period. Please see “History, Reorganisation and Corporate Structure” for further information in relation to our Group’s structure.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis that we make in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those stated in the forward-looking statements. Factors that might cause future results to differ significantly from those stated in the forward-looking statements include, but are not limited to, those discussed in the sections headed “Forward-looking Statements” and “Risk Factors” in this prospectus.

OVERVIEW

We are a leading visual display solution provider for pop concerts in Hong Kong. We derived over 65% of our total revenue during the Track Record Period from pop concerts, the majority of which took place in Hong Kong, the PRC, Taiwan and Macau. The remainder of our revenue was attributable to other live events such as corporate events, exhibitions, sports and recreational events and other live performances, as well as equipment rental.

We have enjoyed growth in revenue and profitability over the Track Record Period. The following table sets out our revenue, gross profit, gross profit margin and profit or loss for the year/period over the Track Record Period.

	FY2015	FY2016	Change	1HFY2016	1HFY2017	Change
	HK\$’000	HK\$’000	%	HK\$’000	HK\$’000	%
				<i>(unaudited)</i>		
Revenue	26,822	40,805	+52.1	23,239	26,551	+14.3
Gross Profit	10,441	17,963	+72.0	10,392	12,781	+23.0
Profit/(loss) for the year/period ^(Note)	1,093	6,928	+533.7	4,669	(2,555)	-154.7
Gross Profit Margin (%)	38.9	44.0		44.7	48.1	

Note: If the non-recurring Listing expenses of HK\$8.1 million incurred during 1HFY2017 was excluded, the adjusted profit for 1HFY2017 would be HK\$5.6 million, representing an increase of approximately 19.5% over 1HFY2016.

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SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations have been and will continue to be affected by a number of factors, including those set out below:

Ability to maintain competitiveness

We are a leading visual display solution provider for pop concerts in Hong Kong, with the ability and capacity to provide a wide range of visual display services, including pre-execution consultation services, provision of visual display equipment, customisation of visual display solutions, on-site installation and general technical support during the performance. We compete on the basis of our capability to provide a wide variety and large quantity of visual display equipment to accommodate the desired visual display effect of our customers; and to offer customised visual display solutions based on specific requests from customers.

We believe that our ability to keep up with the latest development in visual display solution industry is essential for us to provide quality customised solutions, which allows us to maintain our competitiveness, retain our existing customers, enhance our reputation and attract new customers.

Pricing of our project

Our revenue depends on the prices we are able to charge our customers. We provide a variety of visual display solutions that are customised for our customers. The type of solutions and the resources required for each project vary based on a number of factors such as the type and quantity of the equipment required, complexity and duration of the project, the level of manpower required for installation, dismantling and operation of equipment and transportation costs for our equipment. These factors may affect the prices we are able to charge our customers. If our customers require customised visual display solutions or the scale of the concerts requires large quantity of visual display equipment that our competitors cannot offer, we will have more pricing power. Therefore, we are able to achieve a higher margin.

Utilisation of visual display equipment

For FY2015, FY2016 and 1HFY2017, our utilisation rate of video display equipment (on a weighted average net book value basis) was 44.8%, 59.4% and 61.5% respectively and our gross profit margin was 38.9%, 44.0% and 48.1% respectively. Under normal circumstances, higher utilisation rate for our equipment should lead to higher revenue and gross profit margin, assuming the general pricing of our visual display solutions and major direct costs remain constant. Therefore, our ability to maximise the utilisation rate of the visual display equipment has a major effect on our overall profitability.

In this regard, our Directors believe that the utilisation rate of our equipment can be further improved by enhancing our business presence for providing visual display solutions for corporate events and exhibition.

FINANCIAL INFORMATION

Our ability to retain project managers and technicians and attract talents

In order to deliver quality visual display solutions, our ability to retain employees with relevant technical knowledge and expertise is crucial to our operation. Our projects involve technical requirements in various stages. The performance of these technical tasks requires specialised knowledge and experience. Our project managers are responsible for providing training to our newly hired visual technicians, as well as supervising and overseeing their task performance.

It is critical for us to retain our project managers and technicians in order to maintain our operation capacity and the quality of our visual display solutions. Our operation also depends on our ability to recruit sufficient technical staff in a timely manner and at reasonable costs in the event our existing or future projects demand additional manpower for completion.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 4 November 2016 as an exempted company with limited liability. To rationalise the corporate structure in the preparation of the Listing, we underwent the Reorganisation as detailed in the section headed “History, Reorganisation and Corporate Structure” in this prospectus.

Our financial information as set out in the Accountant’s Report included in Appendix I to this prospectus include the results of operations of the companies comprising our Group following the consummation of the Reorganisation, as if our Group in its current form had been in existence throughout the Track Record Period, or where a member of our Group was incorporated during the Track Record Period, since the date of establishment or incorporation of that member.

Immediately prior to and after the Reorganisation, the ultimate owners of and their respective interest in our Group remain the same. Our Group conducts its operations through the companies managed and controlled by Mr. Yeung. Our Company and the newly incorporated intermediate holding company of our Group have not been involved in any other business prior to the Reorganisation. The Reorganisation is merely a reorganisation of our Group with no change in management and the controlling shareholders of such business.

Accordingly, the consolidated financial information of our Company is prepared in accordance with HKFRS 10, “Consolidated Financial Statements”, issued by the HKICPA, by using the carrying values of our Group’s business for all periods presented, or since the respective dates of incorporation of the subsidiaries within our Group, whichever is the later.

In preparing the consolidated financial information, all intra-group transactions and balances have been eliminated on combination.

The financial information has been prepared under the historical cost convention, except that investment in an insurance contract is stated at its cash surrender value, and is presented in Hong Kong dollars.

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The financial information has been prepared in accordance with the accounting policies set out below which conform with HKFRSs issued by HKICPA. Details regarding the basis of presentation and preparation of our consolidated financial information are set out in note 2 and note 3.1 of section II to the Accountant's Report in Appendix I to this prospectus.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies and estimates significant to the preparation of our financial statements in accordance with HKFRS. The Accountant's Report in Appendix I to this prospectus sets out these significant accounting policies in note 3 of section II, which are important for an understanding of our financial condition and results of operations.

Some of our accounting policies involve subjective assumptions, estimates and judgments that are discussed in note 5 of section II, notes to the financial information of the Accountant's Report in Appendix I to this prospectus. In the application of our accounting policies, our management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Our estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Our estimates and underlying assumptions are reviewed by our management on an ongoing basis.

Our management has identified below the accounting policies, estimates and judgments that they believe are critical to the preparation of our financial statements.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to our Group and the amount of revenue can be measured reliably. Revenue from visual display solutions is recognised after each show or event of a project is performed, while revenue from equipment rental is recognised on a straight-line basis over the term of the lease.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

FINANCIAL INFORMATION

Useful lives of property, plant and equipment

Depreciation is calculated using the straight-line method to allocate cost over their estimated useful lives, as follows:

Visual display equipment	8 years or over the period of the event, where appropriate
Furniture and other equipment	4 years
Motor vehicles	3 years
Leasehold improvements	Over the lease term

The estimates of useful lives of property, plant and equipment are based on historical experience of actual useful lives of property, plant and equipment of similar nature and functions. Our management will review and adjust, if appropriate, the useful lives of the assets at reporting date. We depreciate our visual display equipment over a useful life of eight years, except for those which are custom made for a particular project/event. Such equipment is depreciated over the duration of the project/event.

Impairment of property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Taxation

Our Group is subject to income tax in various jurisdictions. Significant judgement is required in determining the provision for income tax. Our Group recognises liabilities or anticipated tax audit issues 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 difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such difference will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

Deferred income tax is recognised, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the period end date and are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets out the consolidated statements of comprehensive income of our Group during the Track Record Period, which is extracted from the Accountant's Report in Appendix I to this prospectus:

	For the year ended 31 May		For the six months ended 30 November	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Revenue	26,822	40,805	23,239	26,551
Cost of services	(16,381)	(22,842)	(12,847)	(13,770)
Gross profit	10,441	17,963	10,392	12,781
Other income	116	53	7	53
Other gains, net	449	303	274	276
Administrative expenses ^(Note)	(8,534)	(8,667)	(4,365)	(13,708)
Operating profit/(loss)	2,472	9,652	6,308	(598)
Finance costs, net	(839)	(1,069)	(540)	(423)
Profit/(loss) before income tax	1,632	8,583	5,768	(1,021)
Income tax expense	(539)	(1,655)	(1,099)	(1,534)
Profit/(loss) for the year/period	1,093	6,928	4,669	(2,555)
Other comprehensive income/(loss)	(15)	74	(21)	69
Total comprehensive income/(loss) for the year/period	1,078	7,002	4,648	(2,486)

Note: For 1HFY2017, Listing expenses of approximately HK\$8.1 million were included in the administrative expenses.

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

We generate our revenue from providing (i) visual display solutions to our customers in relation to pop concerts and various other live events; and (ii) equipment rental.

The following table sets out a breakdown of our revenue by source of income during the Track Record Period:

	For the year ended 31 May				For the six months ended 30 November			
	2015		2016		2015		2016	
	HK\$'000	% of total revenue	HK\$'000	% of total revenue	HK\$'000 (unaudited)	% of total revenue	HK\$'000	% of total revenue
Visual display solutions	24,235	90.4	38,678	94.8	23,096	99.4	26,438	99.6
Equipment rental	2,587	9.6	2,127	5.2	143	0.6	113	0.4
	<u>26,822</u>	<u>100.0</u>	<u>40,805</u>	<u>100.0</u>	<u>23,239</u>	<u>100.0</u>	<u>26,551</u>	<u>100.0</u>

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During the Track Record Period, we principally derive our revenue from the provision of visual display solutions, which accounted for over 90% of our total revenue. Our Group's revenue increased from approximately HK\$26.8 million for FY2015 to approximately HK\$40.8 million for FY2016, representing an increase of approximately 52.1%. Our Group's revenue increased from approximately HK\$23.2 million for 1HFY2016 to approximately HK\$26.6 million for 1HFY2017, representing an increase of approximately 14.3%.

The following table sets out a breakdown of the number of shows and our revenue based on the geographic location during the Track Record Period:

	For the year ended 31 May						For the six months ended 30 November					
	2015			2016			2015			2016		
			% of			% of			% of			% of
	No. of	Revenue	total	No. of	Revenue	total	No. of	Revenue	total	No. of	Revenue	total
Visual Display Solutions	shows	(HK\$'000)	revenue	shows	(HK\$'000)	revenue	shows	(HK\$'000)	revenue	shows	(HK\$'000)	revenue
							<i>(unaudited)</i>					
Hong Kong	197	12,981	48.4	362	18,655	45.7	168	9,618	41.4	191	11,427	43.0
PRC	63	7,084	26.4	112	10,483	25.7	53	5,614	24.2	79	14,021	52.8
Macau	29	3,249	12.1	31	3,250	8.0	20	1,575	6.8	6	510	1.9
Taiwan	23	845	3.2	26	6,275	15.4	26	6,275	27.0	5	330	1.3
Other ^(Note)	16	76	0.3	2	15	0.0	2	14	0.0	1	150	0.6
Subtotal	328	24,235	90.4	533	38,678	94.8	269	23,096	99.4	282	26,438	99.6
Equipment Rental		2,587	9.6		2,127	5.2		143	0.6		113	0.4
Total		26,822	100.0		40,805	100.0		23,239	100.0		26,551	100.0

Note: Other geographic locations include Malaysia, U.S. and Australia.

Visual display solutions

Set out below is the breakdown of our Group's revenue from visual display solutions during the Track Record Period. For the purpose of revenue breakdown presentation, other live events include corporate events, sports and recreation events, exhibitions and other live performances.

	For the year ended 31 May					
	2015			2016		
			Average revenue			Average revenue
	No. of shows	HK\$'000 (%)	per show HK\$'000	No. of shows	HK\$'000 (%)	per show HK\$'000
Pop concert	235	17,435 (71.9)	74	298	31,304 (80.9)	105
Other live events	93	6,800 (28.1)	73	235	7,374 (19.1)	31
Total revenue from visual display solution . . .	328	24,235 (100.0)	74	533	38,678 (100.0)	73

FINANCIAL INFORMATION

For the six months ended 30 November

	2015			2016		
	No. of shows	HK\$'000 (%) (unaudited)	Average revenue per show	No. of shows	HK\$'000 (%)	Average revenue per show
			HK\$'000			HK\$'000
Pop concert	171	18,603 (80.5)	109	150	19,771 (74.8)	132
Other live events	98	4,493 (19.5)	46	132	6,667 (25.2)	51
Total revenue from visual display solution .	269	23,096 (100.0)	86	282	26,438 (100.0)	94

The average revenue per show is primarily driven by the type of solutions and the resources required for each project varying based on a number of factors such as the type and quantity of the equipment required, complexity and duration of the project, the level of manpower required for installation, dismantling and operation of equipment and transportation costs for our equipment. Our average revenue per show (for pop concerts and other live events in aggregate) slightly decreased from HK\$73,900 for FY2015 to HK\$72,600 for FY2016, and increased to HK\$93,800 for 1HFY2017, which was due to the combination of the changes of average revenue per show from pop concerts and other live events as explained below.

The average revenue per show from pop concerts increased from HK\$74,200 for FY2015 to HK\$105,000 for FY2016, mainly because (i) we undertook more small-scale concerts (of average revenue per show under HK\$40,000) in FY2015, which lower the average revenue per show from pop concerts for FY2015 and (ii) we included the equipment purchase cost in the amount of HK\$3.4 million in our visual display service fee charged to a Taiwanese customer (who chose to retain the equipment at the completion of the concert tour), which resulted in a higher average revenue per show in FY2016. It further increased to HK\$131,800 for 1HFY2017, mainly because we were able to charge approximately HK\$360,000 per show for the 18 shows of Concert Tour A in the PRC, which required a large quantity of visual display equipment, including some custom-made ones, from us to produce the desired visual effects.

The average revenue per show from other live events decreased from HK\$73,100 for FY2015 to HK\$31,400 for FY2016, as we were engaged in a large number of small-scale live events (such as the harbourfront carnival for 65 days), which required relatively less complex visual display solutions in FY2016. It increased to HK\$50,500 per show for 1HFY2017 because we were engaged in more large-scale corporate events which included an annual global marketing event hosted by a U.S. listed direct selling company that develops and distributes personal care products and nutritional supplements and we charged approximately HK\$567,000 on average per show for three consecutive days.

Our average revenue per show from pop concerts (FY2015: HK\$74,200; FY2016: HK\$105,000; 1HFY2017: HK\$131,800) is generally higher than that from other live events (FY2015: HK\$73,100; FY2016: HK\$31,400; 1HFY2017: HK\$50,500). This is primarily because pop concerts usually involve a larger quantity of visual display equipment, more manpower for installation and dismantling and greater complexity of operation, as compared to our provision of visual display solutions for other live events.

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For illustration purpose, we set out below a sensitivity analysis of the estimated increase/decrease in our profit/loss before income tax for the respective years or period with reference to a hypothetical change in the average revenue per show for visual display solutions during the Track Record Period, assuming all other factors remain unchanged:

Hypothetical fluctuation of average revenue per show for visual display solutions	Increase/Decrease in our profit before income tax or decrease/increase in our loss before income tax for		
	FY2015	FY2016	1H FY2017
	HK\$'000	HK\$'000	HK\$'000
Hypothetical increase/decrease of 5.0%	+/-1,212	+/-1,934	-/+1,322
Hypothetical increase/decrease of 10.0%	+/-2,424	+/-3,868	-/+2,644
Hypothetical increase/decrease of 15.0%	+/-3,635	+/-5,802	-/+3,966

Pop concert

We generate revenue from provision of visual display solutions for both local pop concerts and concert tours which may be held in Hong Kong, the PRC, Taiwan, Macau or other areas. We were engaged in over 800 pop concert shows for a total of over 190 Hong Kong and non-Hong Kong artists/bands during the Track Record Period and up to the Latest Practicable Date. For FY2015, FY2016 and 1H FY2017, revenue from pop concerts was approximately HK\$17.4 million, HK\$31.3 million and HK\$19.8 million, respectively, representing approximately 65.0%, 76.7% and 74.5% of our total revenue, respectively.

The following table sets out a breakdown of our revenue from pop concerts during the Track Record Period, based on the geographic location of pop concerts performed:

	For the year ended 31 May						
	2015			2016			
	No. of shows	Average revenue		No. of shows	Average revenue		
		per show			per show		
		HK\$'000 (%)	HK\$'000		HK\$'000 (%)	HK\$'000	
Hong Kong	113	6,740 (38.7)	60	133	12,174 (39.0)	92	
PRC	55	6,675 (38.3)	121	107	9,810 (31.3)	92	
Macau	28	3,099 (17.8)	111	30	3,030 (9.7)	101	
Taiwan	23	845 (4.8)	37	26	6,275 (20.0)	241	
Others ^(Note)	16	76 (0.4)	5	2	15 (0.0)	8	
Total revenue from pop concerts.	235	17,435 (100.0)	74	298	31,304 (100.0)	105	

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For the six months ended 30 November

	2015			2016		
	No. of shows	Average revenue per show		No. of shows	Average revenue per show	
		HK\$'000 (%)	HK\$'000		HK\$'000 (%)	HK\$'000
		(unaudited)				
Hong Kong	71	5,543 (29.8)	78	63	5,734 (29.0)	91
PRC	52	5,195 (27.9)	100	77	13,297 (67.2)	173
Macau	20	1,575 (8.5)	79	4	260 (1.3)	65
Taiwan	26	6,275 (33.7)	241	5	330 (1.7)	66
Others ^(Note)	2	15 (0.1)	8	1	150 (0.8)	150
Total revenue from pop concerts.	171	18,603 (100.0)	109	150	19,771 (100.0)	132

Note: Other geographic locations include Malaysia, U.S. and Australia.

During the Track Record Period, the average revenue per show in the PRC was usually higher than that in Hong Kong. This was mainly because the concerts in which we were engaged in the PRC were usually a part of a large-scale concert tour performed by Hong Kong or foreign artists and more equipment was usually required in such large-scale concert tour. On the other hand, from time to time we were also engaged in some small-scale concerts in Hong Kong which were only held for one or two nights and less equipment was required for these small-scale concerts.

During 1HFY2017, we provided services to a well-known Hong Kong artist for 18 shows of Concert Tour A in the PRC. Due to the significant amount of equipment (including some custom-made LED panels) used in this concert tour, we charged that customer approximately HK\$360,000 on average for each show in the PRC. Therefore, we had a higher average revenue per show in the PRC for 1HFY2017.

Other live events

In addition, we provide visual display solutions for various other live events which are mainly located in Hong Kong. For FY2015, FY2016 and 1HFY2017, revenue from other live events was approximately HK\$6.8 million, HK\$7.4 million and HK\$6.7 million, respectively, representing approximately 25.4%, 18.1% and 25.1% of our total revenue, respectively.

During the Track Record Period, our revenue from other live events was mainly derived from Hong Kong.

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The following table set out a breakdown of our revenue from other live events during the Track Record Period, based on the geographic location of the respective other live events:

For the year ended 31 May						
	2015			2016		
	No. of shows	HK\$'000 (%)	Average revenue per show HK\$'000	No. of shows	HK\$'000 (%)	Average revenue per show HK\$'000
Hong Kong	84	6,241 (91.8)	74	229	6,481 (87.9)	28
PRC	8	409 (6.0)	51	5	673 (9.1)	135
Macau	1	150 (2.2)	150	1	220 (3.0)	220
Total revenue from other live events	93	6,800 (100.0)	73	235	7,374 (100.0)	31

For the six months ended 30 November						
	2015			2016		
	No. of shows	HK\$'000 (%)	Average revenue per show HK\$'000	No. of shows	HK\$'000 (%)	Average revenue per show HK\$'000
		(unaudited)				
Hong Kong	97	4,075 (90.7)	42	128	5,692 (85.4)	44
PRC	1	418 (9.3)	418	2	725 (10.9)	363
Macau	—	— (0.0)	—	2	250 (3.7)	125
Total revenue from other live events	98	4,493 (100.0)	46	132	6,667 (100.0)	51

Equipment rental

We occasionally rent out our equipment with a view to maximising our utilisation rate. Our revenue from equipment rental was HK\$2.6 million, HK\$2.1 million and HK\$0.1 million, representing approximately 9.6%, 5.2% and 0.4% of our total revenue in FY2015, FY2016 and 1HFY2017, respectively.

Cost of services

The following table sets out the components of our cost of services during the Track Record Period:

	For the year ended 31 May				For the six months ended 30 November			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(unaudited)							
Depreciation	5,523	33.7	6,767	29.6	3,291	25.6	4,479	32.5
Direct labour costs	4,471	27.3	6,067	26.6	2,737	21.3	3,730	27.1
Subcontracting charges	2,957	18.1	3,153	13.8	1,558	12.1	3,326	24.2
Freight and logistics expenses	1,904	11.6	2,220	9.7	1,134	8.8	1,514	11.0
Cost of equipment and spare parts	693	4.2	3,692	16.1	3,408	26.6	509	3.7
Equipment rental charges	833	5.1	943	4.2	719	5.6	212	1.5
Total	16,381	100.0	22,842	100.0	12,847	100.0	13,770	100.0

FINANCIAL INFORMATION

Depreciation

Depreciation recognised under our cost of services is related to the depreciation expenses for our visual display equipment for the provision of our services. For FY2015, FY2016 and 1HFY2017, depreciation of visual display equipment represented 33.7%, 29.6% and 32.5% of total cost of services, respectively.

For illustration purpose, we set out below a sensitivity analysis of the estimated increase/decrease in our profit/loss before income tax for the respective years or period with reference to a hypothetical change in the depreciation expenses for visual display equipment during the Track Record Period, assuming all other factors remain unchanged:

	Decrease/Increase in our profit before income tax or increase/decrease in our loss before income tax for		
Hypothetical fluctuation of depreciation expenses for visual display equipment	FY2015	FY2016	1HFY2017
	HK\$'000	HK\$'000	HK\$'000
Hypothetical increase/decrease of 5.0%	-/+276	-/+ 338	+/-224
Hypothetical increase/decrease of 10.0%	-/+552	-/+ 677	+/-448
Hypothetical increase/decrease of 15.0%	-/+828	-/+1,015	+/-672

Direct labour costs

Direct labour costs represent compensation and benefits provided to our Group's project managers, visual technicians, equipment development and maintenance staff and warehouse keepers employed by us. For FY2015, FY2016 and 1HFY2017, direct labour costs represented 27.3%, 26.6% and 27.1% of total cost of services, respectively.

For illustration purpose, we set out below a sensitivity analysis of the estimated increase/decrease in our profit/loss before income tax for the respective years or period with reference to a hypothetical change in the direct labour costs during the Track Record Period, assuming all other factors remain unchanged:

	Decrease/Increase in our profit before income tax or increase/decrease in our loss before income tax for		
Hypothetical fluctuation of direct labour costs	FY2015	FY2016	1HFY2017
	HK\$'000	HK\$'000	HK\$'000
Hypothetical increase/decrease of 5.0%	-/+224	-/+303	+/-187
Hypothetical increase/decrease of 10.0%	-/+447	-/+607	+/-373
Hypothetical increase/decrease of 15.0%	-/+671	-/+910	+/-560

FINANCIAL INFORMATION

Subcontracting charges

Our subcontracting charges primarily represent fees paid and payable to the human resource company which provided us with workers for installing and dismantling visual display equipment at pop concerts or other live events in Hong Kong and Macau. For FY2015, FY2016 and 1HFY2017, subcontracting charges represented 18.1%, 13.8% and 24.2% of total cost of services, respectively. During the Track Record Period, the wage of subcontracting worker was approximately HK\$750 for every nine hours per person, HK\$110 for every additional hour per person for overtime payment.

For illustration purpose, we set out below a sensitivity analysis of the estimated increase/decrease in our profit/loss before income tax for the respective years or period with reference to a hypothetical change in the subcontracting charges during the Track Record Period, assuming all other factors remain unchanged:

Hypothetical fluctuation of subcontracting charges	Decrease/Increase in our profit before income tax or increase/decrease in our loss before income tax for		
	FY2015	FY2016	1HFY2017
	HK\$'000	HK\$'000	HK\$'000
Hypothetical increase/decrease of 5.0%	-/+148	-/+158	+/-166
Hypothetical increase/decrease of 10.0%	-/+296	-/+315	+/-333
Hypothetical increase/decrease of 15.0%	-/+444	-/+473	+/-499

Freight and logistics expenses

Our freight and logistics expenses primarily represent transportation expenses for delivering our visual display equipment to or from our warehouses to the designated venues of pop concerts and other live events or between different sites of pop concerts and other live events. For FY2015, FY2016 and 1HFY2017, freight and logistics expenses represented 11.6%, 9.7% and 11.0% of total cost of services, respectively.

For illustration purpose, we set out below a sensitivity analysis of the estimated increase/decrease in our profit/loss before income tax for the respective years or period with reference to a hypothetical change in the freight and logistics expenses during the Track Record Period, assuming all other factors remain unchanged:

Hypothetical fluctuation of freight and logistics expenses	Decrease/Increase in our profit before income tax or increase/decrease in our loss before income tax for		
	FY2015	FY2016	1HFY2017
	HK\$'000	HK\$'000	HK\$'000
Hypothetical increase/decrease of 5.0%	-/+ 95	-/+111	+/- 76
Hypothetical increase/decrease of 10.0%	-/+190	-/+222	+/-151
Hypothetical increase/decrease of 15.0%	-/+286	-/+333	+/-227

FINANCIAL INFORMATION

Cost of equipment and spare parts

Our cost of equipment and spare parts represents the expenses in relation to tools and consumables used for on-site installation and maintenance, or cost relating to the equipment that the customer opt to keep. For FY2015, FY2016 and 1HFY2017, the cost of equipment and spare parts represented 4.2%, 16.1% and 3.7% of total cost of services, respectively.

For illustration purpose, we set out below a sensitivity analysis of the estimated increase/decrease in our profit/loss before income tax for the respective years or period with reference to a hypothetical change in the cost of equipment and spare parts during the Track Record Period, assuming all other factors remain unchanged:

Hypothetical fluctuation of cost of equipment and spare parts	Decrease/Increase in our profit before income tax or increase/decrease in our loss before income tax for		
	FY2015	FY2016	1HFY2017
	HK\$'000	HK\$'000	HK\$'000
Hypothetical increase/decrease of 5.0%	-/+ 35	-/+185	+/-25
Hypothetical increase/decrease of 10.0%	-/+ 69	-/+369	+/-51
Hypothetical increase/decrease of 15.0%	-/+104	-/+554	+/-76

Equipment rental charges

Our equipment rental charges primarily represent rental charges for visual display equipment such as LED panels, projectors, video control units, and other equipment that was required for the pop concerts or other live events in Hong Kong, Macau and the PRC (i) where our own relevant equipment was fully occupied at the particular time or (ii) for cost effectiveness reason in view of the logistics expenses. For FY2015, FY2016 and 1HFY2017, equipment rental charges represented 5.1%, 4.2% and 1.5% of total cost of services, respectively.

For illustration purpose, we set out below a sensitivity analysis of the estimated increase/decrease in our profit/loss before income tax for the respective years or period with reference to a hypothetical change in the equipment rental charges during the Track Record Period, assuming all other factors remain unchanged:

Hypothetical fluctuation of equipment rental charges	Decrease/Increase in our profit before income tax or increase/decrease in our loss before income tax for		
	FY2015	FY2016	1HFY2017
	HK\$'000	HK\$'000	HK\$'000
Hypothetical increase/decrease of 5.0%	-/+ 42	-/+ 47	+/-11
Hypothetical increase/decrease of 10.0%	-/+ 83	-/+ 94	+/-21
Hypothetical increase/decrease of 15.0%	-/+125	-/+141	+/-32

Gross profit and gross profit margin

Our gross profit for FY2015, FY2016 and 1HFY2017 amounted to HK\$10.4 million, HK\$18.0 million and HK\$12.8 million, respectively, representing gross profit margin of 38.9%, 44.0% and 48.1%, respectively.

FINANCIAL INFORMATION

Other income

Our other income primarily consists of handling fees charged to customers in relation to equipment procurement.

Other gains, net

Our net other gains include (i) compensation income; (ii) net exchange gain or loss; (iii) gain on investment in a key management insurance policy; (iv) gain on disposal of property, plant and equipment; and (v) write-off of property, plant and equipment. The compensation income represents the compensation offered by a then supplier who divulged the application solution formulated by our Group in respect of certain visual display equipment to our competitor without our permission. The compensation income was settled in FY2015 and we have no transaction or outstanding balance with that supplier after the settlement.

Administrative expenses

The following table sets out a breakdown of our Group's administrative expenses during the Track Record Period.

	For the year ended 31 May		For the six months ended 30 November	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Staff costs	1,873	1,910	920	1,286
Rental expenses	1,398	1,813	946	912
Office expenses	907	863	457	608
Depreciation	543	797	359	401
Entertainment expenses	324	521	142	158
Professional and legal fees	706	497	264	622
Travelling expenses	868	492	296	310
Insurance	362	345	243	202
Repairs and maintenance	330	230	207	79
Technical consultancy fees	477	173	62	364
Listing expenses	—	—	—	8,133
Meals and refreshments	274	557	276	240
Motor vehicle expenses	83	115	56	67
Bank charges	142	101	81	88
Miscellaneous expenses	247	253	56	238
Total	<u>8,534</u>	<u>8,667</u>	<u>4,365</u>	<u>13,708</u>

For FY2015, FY2016 and 1HFY 2017, our administrative expenses amounted to HK\$8.5 million, HK\$8.7 million and HK\$13.7 million respectively, representing 31.8%, 21.2% and 51.6% of our revenue for each of the corresponding period.

FINANCIAL INFORMATION

Finance costs, net

The following table sets out a breakdown of our Group's net finance costs during the Track Record Period.

	For the year ended 31 May		For the six months ended 30 November	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
<i>Finance expenses</i>				
Interest on bank borrowings	820	1,046	529	411
Finance charges on obligations under finance leases	19	24	11	12
	839	1,070	540	423
<i>Finance income</i>				
Bank interest income	—	(1)	—	—
Finance costs, net	839	1,069	540	423

The interest rates for our bank borrowings ranged from 4.2% to 6.5% per annum for FY2015, from 4.0% to 7.7% per annum for FY2016 and from 4.0% to 7.3% per annum for 1HFY2017.

Income tax expense

We are subject to income tax on an enterprise basis on profits arising in or derived from the jurisdictions in which members of our Group are domiciled and operate. During the Track Record Period, all of our PRC subsidiaries were subject to an Enterprise Income Tax rate of 25.0%. Our Hong Kong subsidiary was subject to Hong Kong profit tax at the rate of 16.5% on the estimated assessable profits during the Track Record Period.

Our effective income tax rate was 33.0% and 19.3% in FY2015 and FY2016, respectively. Our effective income tax rate in FY2015 was relatively higher, mainly due to (i) certain expenses not deductible for tax purpose in Hong Kong and (ii) the tax losses from PRC subsidiaries not being recognised as deferred tax assets.

For 1HFY2017, our Group recorded income tax expense of HK\$1.5 million although it recorded a loss before income tax of HK\$1.0 million, which was primarily due to the one-off Listing expenses of HK\$8.1 million, which were not deductible for tax purposes in Hong Kong.

We paid or made provisions for all relevant taxes and there were no material disputes with the relevant tax authorities during the Track Record Period. As at the Latest Practicable Date and during the Track Record Period, we fulfilled all our tax obligations and did not have any unresolved tax disputes.

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RESULTS OF OPERATIONS

1HFY2017 compared to 1HFY2016

Revenue

Our overall revenue increased by approximately 14.3% from HK\$23.2 million for 1HFY2016 to HK\$26.6 million for 1HFY2017. Such increase was mainly attributable to the positive growth of our revenue from both pop concerts and other live events.

The revenue from pop concerts increased by approximately HK\$1.2 million or 6.3% from HK\$18.6 million for 1HFY2016 to HK\$19.8 million for 1HFY2017. Our revenue from pop concerts for 1HFY2016 included the cost of equipment which the customer chose to retain after the completion of the concert tour. If the equipment cost of HK\$3.4 million was excluded from the revenue from pop concert for 1HFY2016, the revenue from pop concerts for 1HFY2017 would have increased by approximately HK\$4.6 million or 30% as compared to that for 1HFY2016. Such significant increase was primarily attributable to the revenue for the provision of visual display solutions to 18 shows of Concert Tour A in the PRC in which a large quantity of visual display equipment was utilised to produce the desired visual effects and, as a result, we charged the customer approximately an average of HK\$360,000 per show during 1HFY2017.

The revenue from other live events increased by approximately HK\$2.2 million or 48.4% from HK\$4.5 million for 1HFY2016 to HK\$6.7 million for 1HFY2017, which was, to a large extent, driven by our increased revenue from other live events held in Hong Kong. The revenue from other live events in Hong Kong increased by approximately 39.7% from HK\$4.1 million for 1HFY2016 to HK\$5.7 million for 1HFY2017, because we were engaged in more large-scale corporate events in Hong Kong which included an annual global marketing event hosted by a U.S. listed direct selling company that develops and distributes personal care products and nutritional supplements and we were able to charge the customer an average of HK\$567,000 per show for three consecutive days.

Cost of services

Our total cost of services increased by approximately 7.2% from HK\$12.8 million for 1HFY2016 to HK\$13.8 million for 1HFY2017. Such increase was mainly attributable to the increase in our business volume and was generally in line with our revenue growth.

Our depreciation expenses of visual display equipment increased by approximately 36.1% from HK\$3.3 million for 1HFY2016 to HK\$4.5 million for 1HFY2017. Such increase was mainly attributable to the acquisition of additional visual display equipment of HK\$32.3 million during 1HFY2017.

Our direct labour costs increased by approximately 36.3% from HK\$2.7 million for 1HFY2016 to HK\$3.7 million for 1HFY2017. Such increase was mainly attributable to salary increment and hiring of additional visual technicians to cope with the growth of our business.

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Our subcontracting charges increased by approximately 113.4% from HK\$1.6 million for 1HFY2016 to HK\$3.3 million for 1HFY2017. Such increase was mainly due to the extra manpower needed for on-site installation, dismantling and operation of equipment for Aaron Kwok de Aa Kode World Tour and certain large-scale corporate events in Hong Kong in 1HFY2017.

Our cost of equipment and spare parts decreased by HK\$2.9 million or approximately 85.1% from HK\$3.4 million for 1HFY2016 to HK\$0.5 million for 1HFY2017. In 1HFY2016, we incurred cost of equipment of HK\$3.4 million for a concert tour held in Taiwan since the customer opted to keep the equipment upon completion of the concert tour.

Gross profit and gross profit margin

Our gross profit increased by approximately 23.0% from HK\$10.4 million for 1HFY2016 to HK\$12.8 million for 1HFY2017. Our gross profit margin increased from 44.7% for 1HFY2016 to 48.1% for 1HFY2017. However, if the aforesaid equipment cost of HK\$3.4 million was excluded from our revenue and cost of equipment and spare parts, respectively, the gross profit margin for 1HFY2016 would have been 52.4%, and around 4.3% higher than that of 1HFY2017. Our Directors consider the slight decrease in the gross profit margin for 1HFY2017 was mainly due to the competitive pricing offered to IEC Group for Concert Tour A with a view to securing a sizable business volume for FY2017 and FY2018 and establishing a recognisable brand in Hong Kong and the PRC through the association with the Concert Tour A.

Other income

Our other income increased by approximately 623.7% from HK\$7,400 for 1HFY2016 to HK\$53,000 for 1HFY2017.

Other gains, net

Our net other gains remained stable at HK\$0.3 million for 1HFY2016 and 1HFY2017.

Administrative expenses

Our overall administrative expenses increased by approximately 214.0% from HK\$4.4 million for 1HFY2016 to HK\$13.7 million for 1HFY2017, which was mainly due to (i) our Listing expenses of HK\$8.1 million incurred in 1HFY2017; (ii) the increase in staff cost of HK\$0.4 million as a result of salary increment in the six months ended 31 May 2016 and the hiring of a human resources manager and an internal audit manager to cope with the growth of our business; (iii) the increase in auditor's remuneration of HK\$0.3 million in regard to the annual audit; and (iv) the increase in technical consultancy fees of HK\$0.3 million, because we engaged external technicians to operate the specific visual display equipment during 1HFY2017.

Finance costs, net

Our net finance costs decreased from HK\$0.5 million for 1HFY2016 to HK\$0.4 million for 1HFY2017. Such decrease was primarily attributable to the decrease in the average outstanding bank borrowings for the purchases of visual display equipment for 1HFY2017, as compared to 1HFY2016.

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Income tax expense

Our income tax expense increased by approximately 39.5% from HK\$1.1 million for 1HFY2016 to HK\$1.5 million for 1HFY2017, which was mainly due to the increase in deferred income tax relating to temporary differences arising from depreciation of property, plant and equipment.

If the effect of the one-off Listing expenses of HK\$8.1 million was excluded, our effective income tax rate would have been 21.6% in 1HFY2017, which was higher than that of 19.0% in 1HFY2016. The increase in effective income tax rate was mainly due to the tax losses from our PRC subsidiaries not being recognised as deferred tax assets in 1HFY2017.

Profit or loss for the period and net profit/(loss) margin

As a result of the foregoing, our profit for the period decreased by approximately 154.7% from HK\$4.7 million for 1HFY2016 to a loss of HK\$2.6 million for 1HFY2017, which was mainly due to the Listing expenses of HK\$8.1 million in 1HFY2017. Having excluded the one-off Listing expenses, our adjusted profit would be HK\$5.6 million for 1HFY2017, representing an adjusted net profit margin of 21.0%, which was similar to our net profit margin of 20.1% for 1HFY2016.

FY2016 compared to FY2015

Revenue

Our overall revenue increased by approximately 52.1% from HK\$26.8 million for FY2015 to HK\$40.8 million for FY2016. Such increase was mainly attributable to the increase in revenue from pop concerts which increased by approximately 79.6% from HK\$17.4 million for FY2015 to HK\$31.3 million for FY2016. The increase in revenue from pop concerts was mainly attributable to (i) the increase in the number of pop concerts undertaken by us, from 235 shows for FY2015 to 298 shows for FY2016, and (ii) the increase in the average revenue per show from HK\$74,200 for FY2015 to HK\$105,000 for FY2016 as a result of the increase in customer demand for visual display solutions of higher quality and more complex effects, which involved use of more visual display equipment for the pop concerts.

By geographic location of pop concerts, our revenue from pop concerts in Hong Kong increased by approximately 80.6% from HK\$6.7 million for FY2015 to HK\$12.2 million for FY2016, mainly attributable to the increase in average revenue per show from HK\$59,600 for FY2015 to HK\$91,500 for FY2016. Our revenue from pop concerts in the PRC increased by approximately 47.0% from HK\$6.7 million for FY2015 to HK\$9.8 million for FY2016, mainly attributable to more concert tours in the PRC undertaken by us. The growth in the number of pop concerts we took part in the PRC is consistent to the finding of the market trend by Frost & Sullivan. Our revenue from pop concerts in Taiwan was HK\$6.3 million for FY2016, which was attributable to the higher price charged for a concert tour of a Taiwan artist where the customer opted for keeping the relevant visual display equipment.

FINANCIAL INFORMATION

We recorded stable revenue from other live events, amounting to HK\$6.8 million in FY2015 and HK\$7.4 million in FY2016. The number of shows for other live events undertaken by us had increased by more than a double from 93 shows for FY2015 to 235 shows for FY2016. The average revenue per show from other live events decreased from HK\$73,100 in FY2015 to HK\$31,400 in FY2016, as our pricing for certain events which spanned over a longer period of time (e.g. a harbourfront carnival for 65 days) in FY2016 was relatively low owing to the simple visual display solutions and less equipment required for those projects.

Cost of services

Our total cost of services increased by approximately 39.4% from HK\$16.4 million for FY2015 to HK\$22.8 million for FY2016. Such increase was mainly attributable to the increase in our business volume and was generally in line with our revenue growth.

Our depreciation expenses of visual display equipment increased by approximately 22.5% from HK\$5.5 million for FY2015 to HK\$6.8 million for FY2016. Such increase was mainly attributable to the acquisition of additional visual display equipment of HK\$10.0 million during FY2016.

Our direct labour costs increased by approximately 35.7% from HK\$4.5 million for FY2015 to HK\$6.1 million for FY2016. Such increase was mainly attributable to salary increment and hiring of an additional operation manager to cope with the growth of our business.

Our cost of equipment and spare parts increased significantly from HK\$0.7 million for FY2015 to HK\$3.7 million for FY2016. In FY2016, we incurred cost of equipment of HK\$3.4 million for a concert tour held in Taiwan since the customer opted to keep the equipment upon completion of the concert tour.

Our subcontracting charges, freight and logistics expenses and equipment rental charges increased in FY2016 as compared to FY2015, by 6.6% from HK\$3.0 million to HK\$3.2 million, by 16.6% from HK\$1.9 million to HK\$2.2 million and by 13.2% from HK\$0.8 million to HK\$0.9 million, respectively. Such increases were mainly due to increase in number of pop concerts undertaken by us in FY2016.

Gross profit and gross profit margin

Our gross profit increased by approximately 72.0% from HK\$10.4 million for FY2015 to HK\$18.0 million for FY2016. Our gross profit margin increased from 38.9% for FY2015 to 44.0% for FY2016. The overall improvement in our gross profit margin in FY2016 was mainly due to the higher utilisation rate of our visual display equipment which increased from 44.8% in FY2015 to 59.4% in FY2016.

Other income

Our other income decreased by approximately 54.2% from HK\$116,000 for FY2015 to HK\$53,000 for FY2016, which was mainly due to a drop in equipment procurement services provided to customers during FY2016, which led to a decrease in handling fee income.

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Other gains, net

Our net other gains decreased by approximately 32.5% from HK\$0.4 million for FY2015 to HK\$0.3 million for FY2016. Such decrease was primarily because of the HK\$0.5 million compensation income offered by a then supplier in FY2015.

Administrative expenses

Our overall administrative expenses remained stable at HK\$8.5 million for FY2015 and HK\$8.7 million for FY2016. Amongst the various cost components in administrative expenses, we experienced the following major fluctuations:

- (i) Rental expenses went up from HK\$1.4 million for FY2015 to HK\$1.8 million for FY2016, mainly because (a) we rented an apartment in Shanghai in June 2015 to serve as our staff quarter and (b) we had rental increment for our Hong Kong office and warehouse in FY2016.
- (ii) Travelling expenses decreased from HK\$868,000 for FY2015 to HK\$492,000 for FY2016, due to the fact that Mr Yeung travelled frequently to Shanghai and Taiwan in FY2015 for business development purposes, which contributed to the growth of our business in these two areas in FY2016.
- (iii) Technical consultancy fees amounted to HK\$477,000 for FY2015, compared to HK\$173,000 for FY2016. The higher technical consultancy fees in FY2015 was mainly attributable to the fact that our customer requested for the use of projectors on multi-faceted surface to produce the desired effect as part of the visual display solutions in FY2015 more frequently, and we had engaged external technicians to operate the media server with the necessary mapping technology to perform such work.

Finance costs, net

Our net finance costs increased by approximately 27.3% from HK\$0.8 million for FY2015 to HK\$1.1 million for FY2016. Such increase was primarily attributable to the increase in the average outstanding bank borrowings for the purchases of visual display equipment during FY2016.

Income tax expense

Our income tax expense increased by approximately 207.0% from HK\$0.5 million for FY2015 to HK\$1.7 million for FY2016, mainly due to the increase in profit before income tax.

Profit for the year and net profit margin

As a result of the foregoing, our profit for the year increased by approximately 533.7% from HK\$1.1 million for FY2015 to HK\$6.9 million for FY2016 and our net profit margin increased from approximately 4.1% for FY2015 to approximately 17.0% for FY2016. The net profit margin was particularly low for FY2015 mainly due to the fact that we had a rather small customer base for

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pop concerts during the year, from which the revenue we derived was limited and only gave rise to a low net profit amount after deducing the depreciation expenses and other fixed nature operating overheads.

LIQUIDITY AND CAPITAL RESOURCES

Our Group's primary uses of cash are to satisfy its working capital needs and capital expenditure needs. During the Track Record Period, our Group's uses of cash have mainly been financed through a combination of cash inflows from its operating activities and bank borrowings. As at 30 November 2016, our Group had cash and cash equivalents of approximately HK\$15.3 million. We regularly monitor our liquidity requirements to ensure that we maintain sufficient cash resources for our working capital and capital expenditure needs. Our Directors confirmed that we had not defaulted in payment in connection with its bank borrowings, experienced difficulties in obtaining credit facilities or making draw downs, or been requested to make early repayment for its bank borrowings during the Track Record Period and up to the Latest Practicable Date.

We expect to fund our future operations and expansion plans principally with cash generated from our operations, bank borrowings and the net proceeds from the Share Offer and other funds raised from capital markets from time to time, when necessary.

The following table is a condensed summary statement of cash flows for the years ended and for the six months ended on the dates indicated:

	For the year ended 31 May		For the six months ended 30 November	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Operating cash flows before changes in working capital.	7,971	17,131	9,842	4,282
Net cash generated from operating activities.	9,871	13,078	6,152	11,507
Net cash used in investing activities	(15,645)	(10,558)	(11,272)	(20,278)
Net cash generated from/(used in) financing activities	6,321	(893)	3,271	21,450
Net increase/(decrease) in cash and cash equivalents	547	1,628	(1,849)	12,679
Cash and cash equivalents at the beginning of year/period.	460	1,007	1,007	2,585
Cash and cash equivalents at the end of year/period	1,007	2,585	(848)	15,253

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Net cash generated from operating activities

We derive cash inflows from operations principally from the receipts related to our visual display solution business, whereas the cash outflows from operations are principally for the payment of operating costs such as staff costs, subcontracting charges, freight and logistics expenses, and rental charges.

For 1HFY2017, our net cash generated from operating activities amounted to HK\$11.5 million, which was primarily attributable to a loss before income tax of HK\$1.0 million, adjusted for non-cash item such as depreciation charge of HK\$4.9 million. Our net cash inflows relating to changes in working capital were mainly attributable to increase of HK\$6.4 million in other payables and accrued liabilities resulting from the accrual of Listing expenses.

For FY2016, our net cash generated from operating activities amounted to HK\$13.1 million, which was primarily attributable to profit before income tax of HK\$8.6 million, adjusted for non-cash items including depreciation charge of HK\$7.6 million and gain on disposal of property, plant and equipment of HK\$85,000. Our net cash outflows relating to changes in working capital were attributable to (i) a decrease of HK\$3.7 million in other payables and accrued liabilities resulting from (a) approximately HK\$1.9 million equipment being purchased in the last quarter of FY2015, which was not settled in FY2015; and (b) HK\$3.0 million of advance received from a customer in FY2015 for the purchase of specific equipment; and (ii) an increase of HK\$3.1 million in trade receivables, which was in line with the increase in our revenue. These factors were offset by a decrease of HK\$3.4 million in prepayments, deposits and other receivables because we placed a back-to-back deposit to our supplier in FY2015 for the purchase of specific equipment as mentioned above.

For FY2015, our net cash generated from operating activities amounted to HK\$9.9 million, which was primarily attributable to profit before income tax of HK\$1.6 million, adjusted for non-cash items mainly including depreciation charge of HK\$6.1 million, and compensation income of HK\$0.5 million. Our net cash inflows relating to changes in working capital were attributable to (i) a decrease of HK\$2.1 million in trade receivables; and (ii) an increase of HK\$3.3 million in other payables and accrued liabilities as result of advance received from a customer for the purchase of specific equipment. These factors were offset by an increase of HK\$3.9 million in prepayments, deposits and other receivables, primarily as a result of a back-to-back deposit placed in FY2015 for the purchase of specific equipment as mentioned above.

Net cash used in investing activities

Our cash inflow from investing activities includes receipts from interest income on bank deposit and proceeds from disposal of property, plant and equipment, and refund of premium and investment gain from surrender of a key management insurance policy, which was taken out to facilitate the obtaining of a bank loan in 2011. Our cash outflows from investing activities primarily include payments for acquisition of property, plant and equipment and advances to a director.

For 1HFY2017, our net cash used in investing activities amounted to HK\$20.3 million, HK\$17.2 million of which was the payments for property, plant and equipment, and HK\$3.1 million of which was advances to a director.

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For FY2016, our net cash flow used in investing activities amounted to HK\$10.6 million, which mainly represents the cash used in acquisition of property, plant and equipment of HK\$12.2 million partially offset by refund of premium and investment gain from surrender of a key management insurance policy of HK\$1.9 million.

For FY2015, our net cash flow used in investing activities amounted to HK\$15.6 million, HK\$10.3 million of which was the cash used in purchase of property, plant and equipment, and HK\$5.3 million of which was advances to a director.

Net cash generated from/used in financing activities

Our cash inflows from financing activities primarily include proceeds from bank borrowings, proceeds from a shareholder's loan and advances from a director. Our cash outflows from financing activities primarily include repayment of bank borrowings and payment of bank loan interest.

For 1HFY2017, our net cash flow generated from financing activities amounted to HK\$21.5 million, primarily related to (i) addition of shareholder's loan of HK\$14.7 million; (ii) drawdown of bank borrowings of HK\$10 million; and (iii) partially offset by (a) repayment of bank loans of HK\$2.7 million; and (b) payment of bank loan interest of HK\$0.4 million.

For FY2016, our net cash flow used in financing activities amounted to HK\$0.9 million, primarily related to (i) repayment of bank loans of HK\$6.8 million; (ii) payment of bank loan interest of HK\$1.0 million; and (iii) partially offset by (a) drawdown of bank borrowings of HK\$6.4 million; and (b) advances from a director of HK\$0.7 million.

For FY2015, our net cash flow generated from financing activities amounted to HK\$6.3 million, primarily related to (i) drawdown of bank borrowings of HK\$10.2 million; (ii) advances from a director of HK\$0.4 million; and (iii) partially offset by (a) repayment of bank loans of HK\$3.4 million; and (b) payment of bank loan interest of HK\$0.8 million.

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NET CURRENT LIABILITIES

Detailed of our Group's current assets, current liabilities and net current liabilities as at respective dates of the consolidated statements of financial position are extracted as follow:

	As at 31 May		As at 30 November	As at 31 March
	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)
Current assets				
Trade receivables	3,651	6,712	5,614	4,721
Prepayments, deposits and other receivables . .	5,192	880	1,112	8,115
Amount due from a director	5,345	5,680	8,742	11,247
Investment in an insurance contract	1,866	—	—	—
Cash and bank balances	1,547	2,585	15,259	6,771
	<u>17,601</u>	<u>15,857</u>	<u>30,727</u>	<u>30,854</u>
Current liabilities				
Bank overdrafts	541	—	6	—
Other payables and accrued liabilities	15,942	10,250	20,262	19,426
Amount due to a director	509	1,115	1,150	1,145
Bank borrowings	15,572	15,222	22,503	20,104
Obligations under finance leases	274	306	273	251
Taxation payable	1,069	1,302	1,302	1,972
	<u>33,907</u>	<u>28,195</u>	<u>45,496</u>	<u>42,898</u>
Net current liabilities	<u>(16,306)</u>	<u>(12,338)</u>	<u>(14,769)</u>	<u>(12,044)</u>
Non-current Borrowings Repayable on Demand (as defined below)	10,598	9,762	15,463	13,356
Adjusted net current (liabilities)/assets (Note)	<u>(5,708)</u>	<u>(2,576)</u>	<u>694</u>	<u>1,312</u>

Note: The adjusted net current (liabilities)/assets represents the net current liabilities excluding the Non-current Borrowings Repayable on Demand (as defined below) for illustration purpose, and is not a measure defined by generally accepted accounting principles.

We recorded net current liabilities of approximately HK\$16.3 million, HK\$12.3 million, HK\$14.8 million and HK\$12.0 million as at 31 May 2015, 31 May 2016, 30 November 2016 and 31 March 2017, respectively.

Background of the net current liabilities position

Historically, our net current liabilities position reflected our significant amount of short-term bank borrowings (being current liabilities) used to fund the purchase of our visual display equipment (being non-current assets).

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From time to time, we purchased visual display equipment to facilitate our provision of the visual display solutions. For each of FY2015, FY2016 and 1HFY2017, our additions of visual display equipment amounted to HK\$11.2 million, HK\$10.0 million and HK\$32.3 million, respectively. The visual display equipment was recorded as non-current assets due to its ability to generate future revenue for more than one year.

We financed such non-current assets by the combination of cash flows from operation and bank borrowings. Among the current portion of our bank borrowings, a majority was classified as current liabilities owing to the repayment on demand clause, which allowed the relevant banks to exercise their discretion to demand immediate repayment regardless of the scheduled repayment dates as agreed in the relevant loan agreements. According to the repayment schedule agreed with the relevant banks, the aggregate amounts due for repayment after one year which contain repayable on demand clause (“**Non-current Borrowings Repayable on Demand**”) were HK\$10.6 million, HK\$9.8 million, HK\$15.5 million and HK\$13.4 million as at 31 May 2015, 31 May 2016, 30 November 2016 and 31 March 2017, respectively.

Our Group had never been requested to make early repayment for its bank borrowings (including but not limited to the Non-current Borrowings Repayable on Demand) during the Track Record Period and up to the Latest Practicable Date. Furthermore, our Directors confirm that we did not have any material defaults in payment of trade and non-trade payables and bank borrowings, or breaches of financial covenants during the Track Record Period and up to the Latest Practicable Date.

Adjusted net current liabilities/assets position

If the aforesaid balances of Non-current Borrowings Repayable on Demand were to be excluded, we would have adjusted net current liabilities of HK\$5.7 million and HK\$2.6 million as at 31 May 2015 and 31 May 2016, respectively, and adjusted net current assets of HK\$0.7 million and HK\$1.3 million as at 30 November 2016 and 31 March 2017, respectively.

The adjusted net current liabilities decreased from HK\$5.7 million as at 31 May 2015 to HK\$2.6 million as at 31 May 2016 was mainly due to the profit derived from operations during FY2016 as reflected in (i) the increase in trade receivables of approximately HK\$3.1 million; (ii) the increase in cash and bank balances of approximately HK\$1.0 million; and (iii) the decrease in other payables and accrued liabilities of approximately HK\$5.7 million.

We subsequently recorded adjusted net current assets of HK\$0.7 million as at 30 November 2016. The increase in net current assets compared to the position as at 31 May 2016 was mainly due to (i) the increase of cash and bank balances of HK\$12.7 million, owing to the net cash generated from operating activities of HK\$11.5 million and the proceed of shareholder’s loan of HK\$14.7 million, which was partially offset by the increase in current portion of the payable for equipment of approximately HK\$3.1 million and (ii) the increase in bank borrowing of approximately HK\$7.3 million for the preparation of Concert Tour A.

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We also recorded adjusted net current assets of HK\$1.3 million as at 31 March 2017. The increase in net current assets compared to the position as at 30 November 2016 was mainly due to (i) the increase of prepayments, deposits and other receivables of HK\$7.0 million, (ii) the increase of amount due from a director of HK\$2.5 million; (iii) the decrease of bank borrowings of HK\$2.4 million; (iv) the decrease of other payables and accrued liabilities of HK\$0.8 million, notwithstanding the decrease of cash and bank balances of HK\$8.5 million.

Going forward, our Directors expect that our net current liabilities position will improve due to, among all, the following reasons:

- (i) our level of gearing and our current liabilities would be greatly reduced after the repayment of outstanding bank loans of HK\$9.9 million as at the date of Listing from the proceeds of Share Offer upon Listing; and
- (ii) our current liabilities would be further reduced after the settlement of payables for new visual display equipment for Concert Tour A of approximately HK\$10.6 million from the proceeds of Share Offer upon Listing.

WORKING CAPITAL AND LIQUIDITY MANAGEMENT

During the Track Record Period, our Group was largely able to produce sufficient cash flow from its business activities to cover its capital expenditure on equipment purchases for each of the relevant year/period. The table below sets out the coverage of the adjusted net cash generated from operating activities over the adjusted net cash used in investing activities of our Group during the Track Record Period:

	FY2015	FY2016	1HFY2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	9,871	13,078	11,507
Add: Listing expenses	—	—	8,133
Adjusted net cash generated from operating activities (“Adjusted CFO”)	9,871	13,078	19,640
Net cash used in investing activities	(15,645)	(10,558)	(20,278)
Excluded: Advances to the sole director	5,345	350	3,062
Adjusted net cash used in investing activities (“Adjusted CFI”)	(10,300)	(10,208)	(17,216)
Coverage of Adjusted CFO over Adjusted CFI.	0.96	1.28	1.14

In order to ensure liquidity and working capital sufficiency after Listing, in addition to the requirements for the preparation of financial budget on a quarterly basis and maintaining a HK\$8 million buffer in the net current assets as explained in the paragraph headed “Quantitative and qualitative disclosures about market risks — Liquidity Risk” in this section below, our Directors have proposed imposing an annual cap amount for our equipment purchases. The maximum amount of

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equipment purchase for the relevant year shall be no more than the net cash generated from operating activities for the preceding year. In the event that our Group seeks to make equipment purchases which will result in the aforesaid threshold being exceeded for the relevant year, the audit committee shall review and approve the relevant financial budget before the said purchase can be proceeded.

As part of our liquidity and working capital management, we have also started to make alternative plans as appropriate, such as (i) negotiating for payment by instalments with our equipment suppliers on the acquisition of new visual display equipment; and (ii) arranging for renting of equipment, so that the timing of cash inflow from receipt of revenue is more closely matched with the timing of cash outflow for payment to the equipment supplier.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources available to our Group, including the internally generated funds, the available banking facilities and the estimated net proceeds from the Share Offer, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

DESCRIPTION OF CERTAIN LINE ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

During the Track Record Period, our Group's property, plant and equipment mainly comprised visual display equipment, furniture and other equipment, leasehold improvements, and motor vehicles. The carrying amount of our Group's property, plant and equipment was approximately HK\$36.4 million, HK\$39.8 million and HK\$67.2 million as at 31 May 2015, 31 May 2016 and 30 November 2016, respectively. A majority of our Group's fixed assets are visual display equipment, which accounted for approximately 97.6%, 97.2% and 98.9% of our Group's total fixed assets as at 31 May 2015, 31 May 2016 and 30 November 2016, respectively. Visual display equipment mainly includes LED panels, projectors and video control units.

The increase in carrying amounts of property, plant and equipment by approximately HK\$3.4 million from 31 May 2015 to 31 May 2016 was mainly due to new additions of visual display equipment of HK\$10.0 million during FY2016, which was partially offset by the depreciation charges in relation to visual display equipment of HK\$6.8 million. The carrying amounts further increased by approximately HK\$27.4 million from 31 May 2016 to 30 November 2016 which was mainly due to new acquisition of visual display equipment of HK\$32.3 million during 1HFY2017 and was partially offset by the depreciation charges in relation to visual display equipment of HK\$4.5 million. During 1HFY2017, we spent HK\$23.3 million for visual display equipment for Concert Tour A and, out of such equipment, some irregular-shaped LED Panels with the cost of HK\$5.7 million were specifically designed for that concert tour. These specifically designed LED Panels are depreciated over the duration of the concert tour (i.e. 3 years) and are expected to be fully depreciated during the year ending 31 May 2020.

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Trade receivables

Our trade receivables primarily consist of receivables from customers in relation to the provision of visual display solutions. The balance of trade receivables increased from HK\$3.7 million as at 31 May 2015 to HK\$6.7 million as at 31 May 2016, which was in line with our increase in revenue. The balance decreased to HK\$5.6 million as at 30 November 2016.

The following table sets out the aging analysis our trade receivables based on the invoice date, as at the indicated dates:

	As at 31 May		As at 30 November
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	1,558	3,386	2,369
31 to 60 days	843	1,220	595
61 to 90 days	595	265	670
Over 90 days	655	1,841	1,980
Total	<u>3,651</u>	<u>6,712</u>	<u>5,614</u>

The table below sets out our average trade receivables turnover days for the years indicated:

	For the year ended 31 May		For the six months ended 30 November
	2015	2016	2016
Trade receivables turnover days ^(Note)	63.9	46.3	42.5

Note: Average trade receivables turnover days equal average balance of trade receivables divided by revenue for the relevant period and multiplied by the number of days in the relevant period. Average balance of trade receivables is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the year ended 31 May and for the six months ended 30 November are 365 days and 183 days, respectively.

We usually grant a credit period of 30 to 90 days to our customers. Our average trade receivables turnover days were 63.9 days, 46.3 days and 42.5 days for each of FY2015, FY2016 and 1H FY2017, respectively, and were within the range of our credit period.

As at 30 April 2017, 100.0% of our trade receivables outstanding as at 30 November 2016 had been settled.

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Prepayments, deposits and other receivables

The following table sets out a breakdown of our prepayments, deposits and other receivables as at the dates indicated:

	As at 31 May		As at 30 November
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Deposit for purchase of equipment	3,040	778	—
Advance to a minority shareholder of a subsidiary	765	—	—
Advance to staff	538	—	39
Deposits for rental and utilities	276	268	303
Prepayments for professional fee in respect of listing preparation	—	—	462
Others	573	612	308
Total	5,192	1,658	1,112

Deposit for purchase of equipment represented deposit paid to our visual display equipment suppliers. As at 31 May 2015, we had a deposit of HK\$3.0 million for purchase of visual display equipment with our supplier for pop concerts to be held in FY2016. We had also obtained receipts in advance of HK\$3.0 million from our customer of the same concerts in FY2015.

Advance to a minority shareholder of a subsidiary (Mr. Pan Zeming, who is also the legal representative) and advance to staff were mainly for settling various miscellaneous operating expenses incurred on our behalf. The advances were unsecured, interest-free and repayable on demand. All the amounts of advance to a minority shareholder of a subsidiary and advance to staff had been settled in FY2016.

Deposits for rental and utilities mainly represent deposits for utilities of our Hong Kong office and deposits for rental of our offices, workshop and warehouses.

Prepayments for professional fee in respect of listing preparation represent the prepayments to several professional services providers in connection with the Listing.

Other receivables mainly represent prepayment for freight and logistics expenses, and sundry prepayment for staff quarter and rental of equipment.

Amount due from/to a director

Our amount due from/to a director represent amount due from/to Mr. Yeung. Our amount due from a director was HK\$5.3 million, HK\$5.7 million and HK\$8.7 million as at 31 May 2015, 31 May 2016 and 30 November 2016, respectively, and our amount due to a director was HK\$0.5 million, HK\$1.1 million and HK\$1.2 million as at 31 May 2015, 31 May 2016 and 30 November 2016, respectively. Both amount due from a director and amount due to a director are interest-free, unsecured and with no fixed repayment terms. The amount due from a director is non-trade in nature.

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The amount due from/to a director will be fully settled by cash before the Listing.

Other payables and accrued liabilities

Our other payables and accrued liabilities mainly represent payables for equipment, receipts in advance and the accruals for staff costs and professional expenses.

The following table sets out our other payables and accrued liabilities as at the indicated dates:

	As at 31 May		As at 30 November
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Payables for equipment	9,735	6,287	19,862
Receipts in advance	3,000	—	2,716
Payables for professional service fees	—	—	4,439
Other accruals and payables	3,207	3,963	3,766
Total	<u>15,942</u>	<u>10,250</u>	<u>30,783</u>

The balance decreased from HK\$15.9 million as at 31 May 2015 to HK\$10.3 million as at 31 May 2016, which was mainly because (i) we had receipt in advance of HK\$3.0 million from one of our customers as at 31 May 2015 to reimburse our deposit for the purchase of equipment as required by such customer; and (ii) the decrease in payables for equipment as a result of approximately HK\$1.9 million equipment being purchased in the last quarter of FY2015, which was not settled in FY2015.

The balance significantly increased from HK\$10.3 million as at 31 May 2016 to HK\$30.8 million as at 30 November 2016, which was mainly due to (i) an increase in payables relating to the purchases of equipment of HK\$13.6 million in connection with Concert Tour A that was being held in 1HFY2017; (ii) increase in receipt in advance of HK\$2.7 million received from the customer for our preparation of the same concert tour; and (iii) an accrual of Listing expenses of HK\$4.4 million.

The following table sets out an aging analysis of our payables for equipment as at the indicated dates based on invoice dates:

	As at 31 May		As at 30 November
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
0 to 30 days	1,519	—	6
31 to 60 days	400	—	15,017
61 to 90 days	—	—	32
Over 90 days	7,816	6,287	4,807
Total	<u>9,735</u>	<u>6,287</u>	<u>19,862</u>

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Credit terms from our suppliers for equipment may vary depending on the terms in the relevant contracts. Our suppliers typically grant us a credit period of 90 to 180 days.

As at 30 November 2016, our total payables for equipment was approximately HK\$19.9 million, HK\$10.5 million of which was the non-current portion, and the remaining balance of HK\$9.4 million was the current portion and payable within one year. Among our current payables for equipment aged over 90 days, approximately RMB4.1 million (equivalent to approximately HK\$4.6 million) (the “**Relevant Payables**”) was related to the purchases of LED panels from one of our then suppliers in 2011 and 2012, some of which were found to be substandard. We had made various written requests to the relevant supplier for the return and replacement of the defective products but received no response. In July 2014 and May 2015, we received two demand letters, respectively, from the relevant supplier claiming for settlement of the Relevant Payables, being the outstanding sum for the defective products. In August 2015, we resisted such demand for payment through our PRC legal adviser and have received no response from the relevant supplier since then. Our Directors believe that we have a strong defence against such claim as the defective products did not meet the quality requirements in accordance with the relevant purchase agreement. Please see “Business — Litigation and Claim” for further details. The defective products was fully impaired in 2013, while the Relevant Payables has been fully provided in the financial statements for the sake of prudence. Our Directors confirmed that this potential claim would not have any material impact on our business operation or financial positions in the future.

As at 30 April 2017, approximately HK\$2.0 million and 21.3% of our current payables for equipment outstanding as at 30 November 2016 had been settled.

INDEBTEDNESS

The following table sets out the amounts of our indebtedness as at the dates indicated:

	As at 31 May		As at 30 November	As at 31 March
	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)
Current liabilities				
Bank overdrafts	540	—	6	—
Bank borrowings	15,572	15,222	22,504	20,104
Obligations under finance leases	274	306	273	251
Amount due to a director	509	1,115	1,150	1,145
	16,895	16,643	23,933	21,500
Non-current liabilities				
Obligations under finance leases	—	410	350	310
Shareholder's loan	—	—	13,886	14,141
	—	410	14,236	14,451
	16,895	17,053	38,169	35,951

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Bank borrowings and overdrafts

During the Track Record Period, we obtained bank loans and bank overdrafts to finance our business operation and capital expenditures. Our bank loans include both loans with fixed repayment schedule and loans repayable on demand. Our bank overdrafts are revolving borrowing drawn down against bank facilities. Our indebtedness (excluding the amount due to a directors) were all secured or guaranteed. All of our bank borrowings and overdrafts were denominated in Hong Kong dollars.

Our bank borrowings bear interest ranging from 4.2% to 6.5% per annum for FY2015, 4.0% to 7.7% per annum for FY2016 and 4.0% to 7.3% per annum for 1HFY2017. Our bank overdrafts bear interest ranging from 6.0% to 7.3% per annum for FY2015, FY2016 and 1HFY2017.

As at 31 March 2017, being the latest practicable date for the purpose of the indebtedness statement contained in this prospectus, the total banking facilities obtained by our Group was HK\$21.5 million, of which HK\$20.1 million was utilised. All these facilities were secured by the personal guarantee from Mr. Yeung; and one of them also had the mortgage of a property owned by Mr. Yeung. Our Directors confirm that (i) the outstanding balance of our Group's bank borrowings in the amount of approximately HK\$9.9 million will be repaid upon Listing with the proceeds from the Share Offer; and (ii) all security and guarantees provided by our Controlling Shareholders and their close associates on our Group's remaining borrowings will be released and replaced by corporate guarantees given by our Company upon Listing.

Obligations under finance leases

We obtained a number of motor vehicles under hire-purchase agreement during the Track Record Period. The balance of obligations under finance leases was HK\$0.3 million, HK\$0.7 million, HK\$0.6 million and HK\$0.6 million as at 31 May 2015, 31 May 2016, 30 November 2016 and 31 March 2017, respectively. The increase in FY2016 was primarily due to addition of a motor vehicle whereas the decrease in 1HFY2017 was due to the repayment of principal in accordance with the repayment schedule.

Shareholder's loan

On 30 November 2016, we issued a promissory note to Next Vision, our then sole Shareholder with principal amount of HK\$14.7 million. The loan is mainly for the purpose of settling the expenses in connection with the Listing. It is unsecured, interest-free and the shareholder has confirmed that it will not demand for repayment within one year from the date of the promissory note.

Pursuant to the written resolution passed by the then sole Shareholder of our Company on 19 May 2017 as disclosed in the paragraph headed "History, Reorganisation and Corporate Structure — Capitalisation Issue" in this prospectus, our Directors are authorised to and will capitalise an amount of approximately HK\$12.0 million of such shareholder's loan upon Listing. Our Directors also confirm that the remaining balance of approximately HK\$2.7 million will be repaid upon Listing.

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As at 30 November 2016, we credited an imputed interest (representing the difference between the fair value of the shareholder's loan and the amount received) of HK\$0.8 million to capital reserve upon the issuance of the promissory note and hence, the carrying amount of such shareholder's loan was HK\$13.9 million. Subsequently, the imputed interest expense of the shareholder's loan was debited to the statement of comprehensive income and as a result, the carrying amount of such shareholder's loan increased to HK\$14.1 million as at 31 March 2017.

Statement of Indebtedness

To the best knowledge and belief of our Directors, our Group will not have material difficulties in obtaining new banking facilities or renewing our existing banking facilities after Listing. Our Directors confirm that our Group had no material defaults payment of bank facilities or breaches of finance covenants during the Track Record Period. As at the Latest Practicable Date, our Group was not subject to any covenants relating to our outstanding debt which would materially restrict our business operations.

During the Track Record Period and up to the Latest Practicable Date, except as disclosed above in this section headed "Indebtedness", our Directors confirm that our Group did not have any outstanding loan capital issued or agree to be issued, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

Our Directors confirm that up to the Latest Practicable Date, there had been no material change in indebtedness and contingent liabilities since 31 March 2017.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios as at the dates or for the year as indicated:

	As at/For the year ended 31 May		As at/For the six months ended 30 November
	2015	2016	2016
Gross profit margin ^(Note 1)	38.9%	44.0%	48.1%
Net profit/(loss) margin ^(Note 2)	4.1%	17.0%	(9.6)% ^(Note 10)
Return on equity ^(Note 3)	6.3%	28.4%	N/A
Return on total assets ^(Note 4)	2.0%	12.3%	N/A
Current ratio ^(Note 5)	0.5 times	0.6 times	0.7 times
Quick ratio ^(Note 6)	0.5 times	0.6 times	0.7 times
Gearing ratio ^(Note 7)	97.0%	69.8%	168.1%
Net debt to equity ratio ^(Note 8)	88.1%	59.2%	100.9%
Interest coverage ratio ^(Note 9)	2.9 times	9.0 times	N/A

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Notes:

1. Gross profit margin equals gross profit for the year divided by revenue for the year.
2. Net profit/(loss) margin equals net profit/(loss) for the year divided by revenue for the year.
3. Return on equity equals net profit for the year divided by total equity as at the end of the year.
4. Return on total assets equals net profit for the year divided by total assets as at the end of the year.
5. Current ratio equals current assets divided by current liabilities as at the end of the year.
6. Quick ratio equals current assets less inventories divided by current liabilities as at the end of the year.
7. Gearing ratio equals total debt divided by total equity as at the end of the year. Total debt includes payables not incurred in the ordinary course of business (being bank borrowings and overdrafts, shareholder's loan, obligations under finance lease and amount due to a director).
8. Net debt to equity ratio equals net debt divided by total equity as at the end of the year. Net debt includes total debt net of cash and bank balances.
9. Interest coverage ratio equals profit before interest and tax for the year divided by net finance costs for the year.
10. Net loss margin of 9.6% was recorded in 1H FY2017, as a result of Listing expenses of HK\$8.1 million during the period. Should the one-off listing expense be excluded, our adjusted net profit margin would be 21.0%.

Gross profit/(loss) margin

Our gross profit margin was 38.9%, 44.0% and 48.1% for each of FY2015, FY2016 and 1H FY2017, respectively. Such increase was mainly due to the improvement in utilisation rate of our visual display equipment.

Net profit margin

Our net profit margin was 4.1% and 17.0% for each of FY2015 and FY2016, respectively. The increase in FY2016 was mainly due to our improvement in gross profit margin and the increase in our business volume as a result of the expansion of our customer base for pop concerts while maintaining our administrative expenses level constant. Having excluded the non-recurring Listing expenses of HK\$8.1 million, our adjusted profit of 1H FY2017 would be HK\$5.6 million and our adjusted net profit margin would be 21.0% for the period.

Return on equity and return on total assets

Our return on equity was 6.3% and 28.4% for each of FY2015 and FY2016, respectively. Our return on total assets was 2.0% and 12.3% for each of FY2015 and FY2016, respectively. The increases in FY2016 was mainly due to the increase in net profit. In 1H FY2017, our Group recorded a loss due to the non-recurring Listing expenses incurred during the period and thus resulted in a negative return on equity and return on total assets. Having excluded the non-recurring Listing expenses, our adjusted return on equity and adjusted return on total assets would be 49.1% and 11.4% respectively for 1H FY2017 on an annualised basis.

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Current ratio and quick ratio

We had no inventory as at the year end during the Track Record Period, so our current ratio is equal to our quick ratio. Both our current ratio and quick ratio were 0.5 times, 0.6 times and 0.7 times as at 31 May 2015, 31 May 2016 and 30 November 2016, respectively, given we have recorded net current liabilities at the corresponding dates yet our financial position is improving.

Gearing ratio

Our gearing ratio was 97.0%, 69.8% and 168.1% as at 31 May 2015, 31 May 2016 and 30 November 2016, respectively. The decrease in FY2016 was mainly due to the increase in our total equity as a result of profitable operations. The increase in 1H FY2017 was mainly due to additions of shareholder's loan and bank loan of HK\$14.7 million and HK\$10.0 million, respectively. Our level of gearing would be significantly reduced after the capitalisation of shareholder's loan and repayment of outstanding bank loans from the proceeds of Share Offer upon Listing.

Net debt to equity ratio

Our net debt to equity ratio was 88.1%, 59.2% and 100.9% as at 31 May 2015, 31 May 2016 and 30 November 2016, respectively. The decrease in FY2016 was mainly due to increase in cash and bank balances and increase in our total equity as a result of profitable operations during FY2016. The increase in 1H FY2017 was mainly due to additions of shareholder's loan and bank loan of HK\$14.7 million and HK\$10.0 million, respectively.

Interest coverage ratio

Our interest coverage ratio was 2.9 times and 9.0 times for each of FY2015 and FY2016, respectively. Such increase was mainly due to the increase in net profit before interest and tax by 290.5% or HK\$7.2 million from HK\$2.5 million for FY2015 to HK\$9.7 million for FY2016. The ratio was not applicable in 1H FY2017 as the Listing expenses resulted in a loss before interest and tax for the same period.

CAPITAL EXPENDITURES AND COMMITMENTS

Our capital expenditures principally consisted of purchases of property, plant and equipment. We primarily funded its capital expenditures through cash flows from operations and bank borrowings.

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The following table sets out our Group's capital expenditure during the Track Record Period:

	For the year ended 31 May		For the six months ended 30 November
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Visual display equipment	11,214	10,020	32,268
Furniture and other equipment	134	132	38
Leasehold improvements	514	301	—
Motor vehicles	—	623	—
	<u>11,862</u>	<u>11,076</u>	<u>32,306</u>

Our Group has the following capital commitments in respect of acquisition of property, plant and equipment as at the dates indicated:

	As at 31 May		As at 30 November
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Contracted but not provided for	<u>—</u>	<u>351</u>	<u>988</u>

The capital commitments as at 31 May 2016 and 30 November 2016 was in relation to purchase of visual display equipment from a supplier.

OPERATING LEASE COMMITMENTS

We lease our office premises and warehouses under operating lease arrangements. Operating leases payment represents rental payable by us for certain of our office premises workshop and warehouses. Leases are negotiated for terms ranging from two years to six years and the rent under such leases is generally fixed for a lease term.

The following table sets out our commitments for future minimum lease payments under non-cancellable operating leases which fall due as at the dates indicated:

	As at 31 May		As at 30 November
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
No later than one year	811	1,609	1,404
Later than one year and not later than five years	<u>868</u>	<u>673</u>	<u>1,476</u>
	<u>1,679</u>	<u>2,282</u>	<u>2,880</u>

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CONTINGENT LIABILITIES

As at 31 May 2015, 31 May 2016, 30 November 2016 and the Latest Practicable Date, we did not have any material contingent liabilities or guarantees. We are not currently involved in any material legal proceedings, nor are we aware of any pending or potential material legal proceedings involving us.

TRANSACTIONS WITH RELATED PARTIES

With respect to the related parties transactions set out in note 31 to the Accountant's report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and/or that such terms were no less favourable to our Group than terms available to independent third parties and were fair and reasonable and in the interests of our Company and our Shareholders as a whole.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

In the normal course of business, we are exposed to a variety of market risks, including credit risk, interest rate risk, foreign exchange risk and liquidity risk. Our Group's overall risk management programme seeks to minimise potential adverse effects on our Group's financial performance.

Credit risk

Our maximum exposure to credit risk which will cause a financial loss to us due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets such as trade and other receivables.

We have a credit policy in place and the exposures to these credit risks' are monitored on an ongoing basis. We maintain a credit policy for our customers and the credit terms given vary according to the business activities. The financial strength of and the length of business relationship with our customers, on an individual basis, are considered in arriving at the respective credit terms. Overdue balances are reviewed regularly by our management.

Trade receivables due from our largest debtor accounted for approximately 49.1%, 52.6% and 46.6% of our total trade receivables as at 31 May 2015, 31 May 2016 and 30 November 2016, respectively.

Interest rate risk

Our Group's exposure to risk relating to changes in interest rates is mainly due to the interest-bearing bank borrowings as part of the financial resources for our Group's business operation. Higher interest rates will increase the borrowing costs of our Group and may adversely affect the profitability of our Group's operations. Our Directors monitor interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

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Foreign exchange risk

Our Group operates mainly in Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi (“RMB”). Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not our Group entities’ functional currency.

If RMB had weakened/strengthened by 5% against HK\$ with all other variables held constant, profit for FY2015 and FY2016 would have been approximately HK\$149,340 and HK\$272,065, respectively, higher/lower, and loss for IHFY2017 would have been approximately HK\$232,852 lower/higher, mainly as a result of foreign exchange gains/losses on translation of payables denominated in RMB. Please see “Appendix I — Accountant’s Report — II Notes to the Financial Information — 4. Financial risk management — 4.1 Financial risk factors — (b) Foreign exchange risk” for further details.

Liquidity risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they become due. In management of the liquidity risk, our Group monitors and maintains a level of cash and cash equivalents deemed adequate by our management to finance the operations of our Group, and mitigate the effects of fluctuations in cash flows. The maturity analysis based on contractual undiscounted cash flows of our financial liabilities is set out in note 4.1(d) of the Accountant’s Report in Appendix I to this prospectus.

We recognise the importance of liquidity for the continuance of our business as going concern and in such connection, have formulated and will adopt liquidity and working capital management measures upon Listing with the objective to maintain the net current assets (excluding the bank borrowings with repayable on demand clause) at a level exceeding HK\$8 million. Details of the measures are summarised as follows:

- The following financial budgets (the “**Financial Budgets**”) shall be prepared for the review and approval by our Directors on a quarterly basis:
 - (1) the monthly capital expenditure of non-current assets and the corresponding means of financing for the next quarter;
 - (2) the monthly profit and cashflow forecast for the next quarter; and
 - (3) the projected balance sheet as at the end of the upcoming quarter.
- The Financial Budgets shall be prepared on the premise that the net current assets (excluding the bank borrowings with repayable on demand clause) of our Group as at the end of the upcoming quarter have to exceed HK\$8 million (i.e. equivalent to an amount covering approximately the average quarterly operating expenses and repayment for bank borrowing in the Track Record Period). Our Directors may review and approve the update of the threshold from time to time in accordance with the development of our Group and the macroeconomic environment.

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- In the event that the application for funding or arrangement for financing by our operation staff in relation to the purchase of non-current assets exceeds the monthly capital expenditure budget as per abovementioned Financial Budgets, our finance department shall:
- (1) re-assess the overall effect on our liquidity (i.e. the net current assets and cash flow position) as a result of the deviation from the abovementioned Financial Budgets, and
 - (2) work out a revised financing plan with the operation staff such that the net current assets position of our Group at the end of the upcoming quarter will be able to exceed the HK\$8 million buffer.

The revised plan shall be submitted to Mr. Yeung and Mr. Law Wang Chak Waltery, our non-executive Director, for review and approval before execution. Mr. Law is a qualified accountant and has over 12 years of experience in the corporate finance and corporate restructuring profession. He has been an independent non-executive director of several listed companies and brings an independent perspective and judgment on financial strategies. For details of his background, professional qualifications and experience, please see “Directors and Senior Management”.

DIVIDEND

We have neither a pre-determined dividend payout ratio nor any dividend policy. The payment and amount of any future dividends will be at the sole discretion of our Board of Directors and will also depend on factors such as our results of operations, cash flow, capital requirements, general financial condition, future prospects and other factors that our Board of Directors deem relevant. We have never declared or paid any dividends on our Shares.

LISTING EXPENSES

The estimated total expenses in connection with the Listing is approximately HK\$24.5 million, including the underwriting commission of HK\$2.4 million and other Listing expenses and fees (including SFC transaction levy and Stock Exchange trading fee) of approximately HK\$22.1 million. Of the total relevant expenses (i.e. HK\$24.5 million), HK\$7.4 million is to be capitalised (i.e. accounted for as deduction from equity) upon Listing, while the remaining HK\$17.1 million was or is expected to be charged to profit or loss for the year ending 31 May 2017. Approximately HK\$8.1 million of the Listing expenses in relation to services already performed has been reflected in the consolidated statement of comprehensive income of our Group during 1H FY2017. The remaining amount of approximately HK\$9.0 million is expected to be reflected in the consolidated statement of comprehensive income of our Group after the Track Record Period. The amount of Listing expenses is a current estimate for reference only and the final amount to be recognised to profit or loss of our Group is subject to audit and the then changes in variables and assumptions.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Pursuant to the written resolution passed by the then sole Shareholder of our Company on 19 May 2017, (i) the authorised share capital of our Company was increased from HK\$300,000 to HK\$30,000,000 by creation of an additional 2,970,000,000 shares; and (ii) in respect of the

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shareholder's loan in the principal amount of approximately HK\$14.7 million owing by ITP (HK) to Next Vision, our Directors are authorised to and will capitalise an amount of approximately HK\$12.0 million of such shareholder's loan upon Listing. Our Directors also confirm that the remaining balance of approximately HK\$2.7 million will be repaid upon Listing.

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands on 4 November 2016. As at 30 November 2016, we had no reserves available for distribution to our Shareholders.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there were no circumstances which, had our Group been required to comply with Rules 17.15 to 17.21 of the GEM Listing Rules, would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, except as disclosed under the paragraphs headed "Operating lease commitments" and "Indebtedness" in this section we did not have any material off-balance sheet arrangements or contingencies.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please see "Appendix II — Unaudited Pro Forma Financial Information" for further details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that save as disclosed in the paragraph headed "Listing Expenses" in this section, up to the date of this prospectus, there had been no material adverse change in our financial or trading position since 30 November 2016, being the date to which the latest audited consolidated financial statements of our Group were made up.

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

Our objective is to enhance our market share in the visual display solution industry and continue to strengthen our competitive strengths. Please see “Business — Our Business Strategies” for details of our business strategies.

REASONS FOR THE LISTING AND USE OF PROCEEDS

Our Directors believe that the Listing would enhance our capital base and the net proceeds from the Share Offer will strengthen our financial position and enable us to implement our business objectives set out in this section. Furthermore, a public listing status on GEM will allow us to access the capital market for future corporate finance exercises, which will assist in our future business development and strengthen our competitiveness.

Based on the Offer Price of HK\$0.3 per Share, the net proceeds of the Share Offer, after deduction of underwriting fees and other expenses payable by our Company in relation to the Share Offer, are estimated to be approximately HK\$35.5 million. Our Company currently intends to use the net proceeds from the Share Offer as follows:

- approximately 27.8% of the net proceeds, or approximately HK\$9.9 million, for repayment of bank loans used for financing working capital purposes and purchase of equipment with variable interest rates ranging from 1% below to 2% above the prime rate fixed by the relevant lending bank per annum or fixed interest rate of 7.3% per annum and the maturity dates ranging from 31 July 2017 to 11 November 2021;
- approximately 32.7% of the net proceeds, or approximately HK\$11.6 million, for acquisition of additional LED panels and video control units in relation to the expansion of our business in Shanghai. Out of the HK\$11.6 million, approximately HK\$10.4 million and HK\$1.2 million will be used for the acquisition of additional LED panels and video control units, respectively;
- approximately 30.0% of the net proceeds, or approximately HK\$10.6 million, for settlement of payables for new visual display equipment for Concert Tour A which are to be paid by us to the relevant supplier by instalment pursuant to a contract entered into between our Group and the supplier. For the avoidance of doubt, the timing for the settlement of the purchase cost involved has been determined after commercial negotiation between the parties and hence, is not correlated to the duration of Concert Tour A;
- approximately 4.7% of the net proceeds, or approximately HK\$1.7 million, for recruitment of a creative director in relation to the expansion of our business presence for providing visual display solutions for corporate events and exhibitions; and
- the remaining amount of approximately 4.8% of the net proceeds, or approximately HK\$1.7 million, will be used to provide funding for our working capital for our daily operation.

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

For the period from the Latest Practicable Date to 31 May 2019, we intend to use our net proceeds from the Share Offer as follows:

	For the six months ending						Approximate percentage of net proceeds
	From the Latest Practicable Date to 31 May 2017	30 November 2017	31 May 2018	30 November 2018	31 May 2019	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	(%)
Repayment of bank loans ^(Note)	9,847	—	—	—	—	9,847	27.8
Acquisition of visual display equipment for our business expansion in Shanghai	—	6,445	1,934	1,934	1,289	11,602	32.7
Settlement of payables for new visual display equipment for Concert Tour A	426	2,558	2,557	2,557	2,558	10,656	30.0
Recruitment of creative director for corporate events and exhibitions	—	195	520	402	535	1,652	4.7
Working capital	338	338	339	339	339	1,693	4.8
Total	10,611	9,536	5,350	5,232	4,721	35,450	100.0

Note: Part of the bank loans owed by our Group as at the Listing Date will be repaid using the net proceeds from the Share Offer.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes and to the extent permitted by applicable laws and regulations, if we are unable to effect any part of our future plans as intended, it is the present intention of our Directors that such net proceeds be placed in short-term interest bearing deposit accounts held with authorised financial institutions in Hong Kong. In the event that we would require additional financing apart from the net proceeds from the issue of the Offer Shares for our future plans, the shortfall will be financed by our internal resources and bank financing.

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

IMPLEMENTATION PLANS

We will endeavour to achieve the following milestone events during the period from the Latest Practicable Date to 31 May 2019, and their respective scheduled completion times are based on certain bases and assumptions as set out in the paragraph headed “Bases and Key Assumptions” in this section below. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out under “Risk Factors” in this prospectus. Therefore, there is no assurance that our business plans will materialise in accordance with the estimated time frame and that our future plans will be accomplished at all.

For the period from the Latest Practicable Date to 31 May 2017

Business strategies	Implementation activities	Sources of funding
Expand our business in Shanghai	- Seek quotations from various suppliers for the LED panels and video control units to be purchased - Commence the recruitment process for the new positions of visual technicians	Internal resources
Enhance our business presence for providing visual display solutions for corporate events and exhibitions	Identify potentially suitable calibre for the positions of creative director	Internal resources
Develop a tracking system to enhance our equipment management and utilisation	Discuss with third party software developer on the design of the tracking system	Internal resources

For the six months ending 30 November 2017

Business strategies	Implementation activities	Sources of funding
Expand our business in Shanghai	- Acquire additional LED panels and video control units - Relocate/recruit additional project manager and visual technicians	Listing proceeds of approximately HK\$11.6 million, of which approximately HK\$6.4 million will be paid as initial payment during the six months ended 30 November 2017 and the remainder will be paid by instalment up to 31 March 2019 Internal resources
Enhance our business presence for providing visual display solutions for corporate events and exhibitions	- Recruit creative director - Allocate or recruit additional visual technicians to support the business expansion in providing visual display solutions for corporate events and exhibitions	Listing proceeds of approximately HK\$1.7 million, which will be used as payment of remuneration of the creative director during the period from recruitment up to 31 May 2019 Internal resources
Develop a tracking system to enhance our equipment management and utilisation	- Development of the tracking system by the third party software developer - Ongoing discussion with the software developer to carry out modifications for improvement of the tracking system	Internal resources

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

For the six months ending 31 May 2018

Business strategies	Implementation activities	Sources of funding
Expand our business in Shanghai	Designate experienced employees from our Hong Kong office to station in Shanghai to provide training to the newly hired visual technicians	Internal resources
Enhance our business presence for providing visual display solutions for corporate events and exhibitions	- Conduct sales activities by the designated business team to identify new opportunities - Provide visual display solutions by the designated business team for corporate events and exhibitions	Internal resources
Develop a tracking system to enhance our equipment management and utilisation	- Conduct trial-runs and testings of the tracking system - Rectify any deficiency revealed during the testings - Implement the tracking system	Internal resources

For the six months ending 30 November 2018

Business strategies	Implementation activities	Sources of funding
Expand our business in Shanghai	- Provide visual display solutions for our projects in Shanghai and its peripheral area - Continue to identify new business opportunities for projects in Shanghai and its peripheral area	Internal resources
Enhance our business presence for providing visual display solutions for corporate events and exhibitions	- Conduct sales activities by the designated business team to identify new opportunities - Provide visual display solutions for corporate events and exhibitions	Internal resources

For the six months ending 31 May 2019

Business strategies	Implementation activities	Sources of funding
Expand our business in Shanghai	- Provide visual display solutions for our projects in Shanghai and its peripheral area - Continue to identify new business opportunities for projects in Shanghai and its peripheral area	Internal resources
Enhance our business presence for providing visual display solutions for corporate events and exhibitions	- Conduct sales activities by the designated business team to identify new opportunities - Provide visual display solutions for corporate events and exhibitions	Internal resources

STATEMENT OF BUSINESS OBJECTIVES AND USE OF PROCEEDS

BASES AND KEY ASSUMPTIONS

Our Directors have adopted the following principal assumptions in the preparation of the implementation plan.

- (a) there will be no material change in the existing political, legal, fiscal or economic conditions in the jurisdictions in which we carry out our operation;
- (b) there will be no outbreak of contagious diseases or occurrence of *force majeure* events or natural disasters in the jurisdictions in which we carry out our operation, which would materially disrupt our business operations or cause substantial loss, damage or destruction to our properties or facilities;
- (c) there will be no material change in the existing laws, regulations, policies or industry standards in the jurisdictions in which we carry out our operation;
- (d) there will be no material change in the bases or rates of taxation in Hong Kong or in any other places in which any member of our Group operates or will operate or is incorporated;
- (e) the Share Offer will be completed in accordance with and as described in the section headed “Structure of the Share Offer” in this prospectus;
- (f) our Group is able to retain our key management personnel, employees, clients and suppliers;
- (g) our Group will not be materially affected by any risk factors set out in the section headed “Risk Factors” in this prospectus;
- (h) we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate; and
- (i) our Group will be able to continue its operations in substantially the same manner as our Group had been operating during the Track Record Period and our Group will be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any way.

UNDERWRITING

HONG KONG UNDERWRITER

Pacific Foundation Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

The Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 20,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions in the Hong Kong Underwriting Agreement and this prospectus.

The Hong Kong Underwriting Agreement is conditional upon and subject to, among others, the Placing Underwriting Agreement becoming unconditional and not having been terminated in accordance with its terms.

Subject to, among other conditions, the Listing Division granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may fall to be issued pursuant to the Capitalisation Issue and options that may be granted under the Share Option Scheme) and to certain other conditions set out in the Hong Kong Underwriting Agreement being fulfilled or waived on or before the dates and times specified in the Hong Kong Underwriting Agreement, the Hong Kong Underwriter has agreed to subscribe or procure subscribers for the Hong Kong Offer Shares on the terms and conditions of the Hong Kong Underwriting Agreement and this prospectus.

Grounds for Termination

The obligations of the Hong Kong Underwriter to subscribe or procure subscribers for the Hong Kong Offer Shares are subject to termination if certain events, including force majeure, shall occur at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date. The Sole Lead Manager shall have the right, in their sole and absolute discretion, to terminate the Hong Kong Underwriting Agreement with immediate effect by notice in writing given to our Company at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (the “**Termination Time**”), if any of the following events shall occur prior to the Termination Time:

- (a) there has come to the notice of the Sole Lead Manager:
 - (i) that any statement contained in any offer documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Share Offer (including any supplement or amendments thereto) (collectively, the “**Relevant Documents**”) was,

UNDERWRITING

when it was issued, or has become untrue, incorrect, misleading or deceptive in any material respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Sole Lead Manager, fair and honest and based on reasonable assumptions, when taken as a whole; or

- (ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute a material omission therefrom; or
- (iii) any material breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the Placing Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or
- (iv) any event, act or omission which gives or is likely to give rise to any material liability of any of our Company, our Controlling Shareholders, and executive Directors (the “**Warrantors**”) under the Hong Kong Underwriting Agreement or the Placing Underwriting Agreement; or
- (v) any change or development involving a prospective material adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders’ equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of our Group; or
- (vi) any material breach of, or any event or circumstance rendering untrue or incorrect in any material respect, any of the warranties as set out in the Hong Kong Underwriting Agreement; or
- (vii) the approval by the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (viii) our Company withdraws any of the Relevant Documents or the Share Offer; or
- (ix) any person (other than the Sole Lead Manager) has withdrawn or sought to withdraw its consent to being named in any of the offer documents or to the issue of any of the offer documents; or
- (x) that a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

UNDERWRITING

- (xi) an authority or a political body or organization in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of our Directors as set out in the “Directors and Senior Management” section of this prospectus; or
 - (xii) any loss or damage has been sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Sole Lead Manager in its sole absolute opinion to have a material adverse affect, in the condition (financial, operational or otherwise), on the due incorporation, or in the earnings, affairs or prospects, assets or liabilities of our Group as a whole, whether or not arising in the ordinary course of business; or
- (b) there shall develop, occur, exist or come into effect:
- (i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms) or interruption or delay in transportation) in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI or any other jurisdiction relevant to the business and operations of any member of our Group (collectively, the “**Specific Jurisdictions**”); or
 - (ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any of the Specific Jurisdictions; or
 - (iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the Nasdaq Global Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Singapore Stock Exchange and the Tokyo Stock Exchange; or

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- (iv) any new laws, or any change or development involving a prospective change in existing laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing laws by any court or other competent authority, in each case, in or affecting any of the Specific Jurisdictions; or
- (v) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), the PRC, the Cayman Islands, the BVI or any other Specific Jurisdictions, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or
- (vi) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or
- (vii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus; or
- (viii) any litigation or claim of any third party being threatened or instigated against any member of our Group or any of the Warrantors; or
- (ix) any of our Directors as set out in the “Directors and Senior Management” section of this prospectus being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (x) the chairman or chief executive officer of our Company vacating his or her office; or
- (xi) the commencement by any governmental, regulatory or political body or organisation in any of the Specific Jurisdictions of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation in any of the Specific Jurisdictions that it intends to take any such action; or

UNDERWRITING

- (xii) a contravention by any member of our Group or any Director of the GEM Listing Rules, the Companies Ordinance or any other laws applicable to the Share Offer; or
- (xiii) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares pursuant to the terms of the Share Offer; or
- (xiv) non-compliance of this prospectus and the other relevant documents or any aspect of the Share Offer with the GEM Listing Rules or any other laws applicable to the Share Offer; or
- (xv) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Share Offer pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the GEM Listing Rules or any requirement or request of the Stock Exchange and/or SFC, unless such supplement or amendment has been issued with the prior written approval of the Sole Sponsor and/or the Sole Lead Manager; or
- (xvi) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity,

which in each case individually or in aggregate in the sole and absolute opinion of the Sole Lead Manager:

- (a) has or is or will or is likely to or could be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or prospects or risks of our Company or our Group or any member of our Group or on any present or prospective shareholder of our Company in his, her or its capacity as such; or
- (b) has or will or is likely to have or could be expected to have a material adverse effect on the success, marketability or pricing of the Share Offer or the level of applications under the Hong Kong Public Offering or the level of interest under the Placing; or
- (c) makes or will make or is likely to make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Share Offer to be performed or implemented or proceeded with as envisaged or to market the Share Offer or shall otherwise result in an interruption to or delay thereof; or
- (d) has or will or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof.

UNDERWRITING

Undertakings

Undertakings by our Company pursuant to the GEM Listing Rules

We have undertaken to the Stock Exchange that (except pursuant to the Share Offer) at any time during the period commencing on the date of this prospectus and ending on the expiry of the six-month period after the Listing Date, our Company will not, without the prior consent of the Stock Exchange and unless in compliance with the requirements of the GEM Listing Rules, allot or issue or agree to allot or issue any Shares or other securities convertible into equity securities of our Company (including warrants or other convertible securities), whether or not of a class already listed, except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertakings by our Company pursuant to the Hong Kong Underwriting Agreement

We have also undertaken to the Sponsor, the Sole Bookrunner and the Sole Lead Manager under the Hong Kong Underwriting Agreement that, and each of our Company, our Controlling Shareholders and our executive Directors have undertaken to procure, that:

- (1) except pursuant to the Share Offer and the exercise of any options granted or to be granted under the Share Option Scheme during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”), our Company will not, without the prior written consent of the Sponsor and the Sole Lead Manager and unless in compliance with the requirements of the GEM Listing Rules:
 - (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of, or agree to transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares, as applicable), or deposit any Shares or other securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of our Company, as applicable; or
 - (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any shares or other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company, as applicable); or

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(iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction described in (i), (ii) or (iii) above,

in each case, whether any of the transactions described in (i), (ii) or (iii) is to be settled by delivery of Shares or other securities of our Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First-Six-Month Period);

(2) our Company will not, and will procure each other member of the Group not to, enter into any of the transactions specified in (i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction, such that our Controlling Shareholder would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company during the period of six months immediately following the expiry of the First Six-Month Period (the “**Second Six-Month Period**”); and

(3) in the event that, during Second Six-Month Period, our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company.

Undertakings by our Controlling Shareholders pursuant to the GEM Listing Rules

Under Rule 13.16A(1) of the GEM Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange, our Company and the Sole Sponsor that except pursuant to the Share Offer that they shall not, and shall procure that the relevant registered holder(s) shall not (i) at any time during 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, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of our securities in respect of which it is shown by this prospectus to be the beneficial owners; and (ii) at any time during the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our securities referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would then cease to be our Company’s controlling shareholders (as defined under the GEM Listing Rules).

UNDERWRITING

Note of Rule 13.16A(1) of the GEM Listing Rules provides that our Controlling Shareholders are free to purchase additional securities and dispose of securities thus purchased in the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date which is 12 months from the Listing Date, subject to compliance with the requirements of Rule 11.23 of the GEM Listing Rules to maintain an open market in the securities and a sufficient public float.

Under Rule 13.19 of the GEM Listing Rules, our Controlling Shareholders have also undertaken to the Stock Exchange, our Company and the Sole Sponsor that (i) in the event that our Controlling Shareholders or any of their close associates pledges or charges any direct or indirect interest in the relevant Shares in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan 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 period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, he/she/it must inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and (ii) having pledged or charged any interest in Shares under (i) above, he/she/it must inform our Company immediately in the event that he/she/it becomes aware that the pledgee or chargee has disposed of or intended to dispose of such interest and of the number of Shares affected.

Undertakings by our Controlling Shareholders pursuant to the Hong Kong Underwriting Agreement

Our Controlling Shareholders have also irrevocably undertaken to our Company, the Sole Sponsor, the Sole Bookrunner and the Sole Lead Manager under the Hong Kong Underwriting Agreement, that he/she/it will, unless in compliance with the requirements under Rule 13.18 of the GEM Listing Rules:

- (i) at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and relating, the date that is twelve months after the Listing Date (the “**Twelve-month Period**”), it/he/she shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/he/she (together, the “**Controlled Entities**”) shall not, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by it/him/her directly or indirectly through its Controlled Entities (the “**Relevant Securities**”), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; (c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in (a) or (b) above; or (d) offer to or agree to or

UNDERWRITING

announce any intention to enter into or effect any of the transactions referred to in (a), (b) or (c) above, which any of the foregoing transactions referred to in (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the Twelve-Month Period); and

- (ii) it/he/she shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the GEM Listing Rules on the sale, transfer or disposal by it/he/she or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

Each of our Controlling Shareholders further irrevocably undertakes to each of our Company, the Sole Sponsor, the Sole Bookrunner and the Sole Lead Manager that, within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he/she will (i) when it/he/she pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Rule 13.18(1) of the GEM Listing Rules, immediately inform our Company and the Sole Sponsor in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and (ii) when it/he/she receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Sponsor in writing of such indications.

The undertakings given by our Controlling Shareholders covering the first six months of the Twelve-month Period pursuant to the Hong Kong Underwriting Agreement above are in line with the customary undertakings given by our Controlling Shareholders to the Stock Exchange covering the First Six-Month Period pursuant to the GEM Listing Rules whilst the undertakings of not disposing any Shares during the second six months of the Twelve-month Period pursuant to the Hong Kong Underwriting Agreement are additional and of voluntary nature.

Indemnity

Our Company, our Controlling Shareholders and our executive Directors have agreed to indemnify the Sole Sponsor and the Sole Lead Manager from certain losses which they may suffer, including losses arising from, among others, their performance of their obligations under the Hong Kong Underwriting Agreement and any material breach by our Company or our Controlling Shareholders or our executive Directors of the Hong Kong Underwriting Agreement provided that the indemnity shall not be available to the extent that the loss is finally judicially determined to have been caused solely and directly by gross negligence, wilful default or fraud on the part of such indemnified person.

The Placing

The Placing Underwriting Agreement

In connection with the Placing, our Controlling Shareholders, our executive Directors and our Company expect to enter into the Placing Underwriting Agreement with the Sole Sponsor, the Sole Lead Manager and the Sole Bookrunner, on the terms and conditions that are substantially similar to the Hong Kong Underwriting Agreement as described above and on the additional terms described below.

UNDERWRITING

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriter is expected to agree to procure subscribers to subscribe for, or failing which it shall subscribe for, 180,000,000 Placing Shares initially being offered pursuant to the Placing.

It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Hong Kong Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, (i) our Company and (ii) each of our Controlling Shareholders will make similar undertakings as those given pursuant to the Hong Kong Underwriting Agreement as described in “Undertakings” in this section.

It is expected that each of our Controlling Shareholders will undertake to the Placing Underwriter not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the Shares held by him/her/it in our Company for a period similar to that given by them pursuant to the Hong Kong Underwriting Agreement as described in the “Undertakings” in this section.

Under the Placing Underwriting Agreement, our Company, our Controlling Shareholders and our executive Directors will agree to indemnify the Sole Sponsor and the Sole Lead Manager against certain losses which they may suffer including losses as a result of certain claims or liabilities which might be incurred by the Sole Sponsor and the Sole Lead Manager.

Fees, Commission and Expenses

The Underwriters will receive an underwriting commission of 4.0% of the aggregate Offer Price of all Offer Shares, out of which the Underwriters will pay any sub-underwriting commissions. For unsubscribed Hong Kong Offer Shares reallocated to the Placing, we will pay the underwriting commission attributable to such reallocated Hong Kong Offer Shares to the relevant Placing Underwriter (but not the Hong Kong Underwriter). The Sole Sponsor is also entitled to an arrangement fee at a rate of 1.0% of the aggregate Offer Price of all Offer Shares. Based on the Offer Price of HK\$0.3, the total underwriting commission, fees and expenses relating to the Share Offer and Listing (including the GEM Listing fees, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, and printing), are estimated to be approximately HK\$24.5 million.

UNDERWRITERS' INTEREST IN OUR COMPANY

Save as provided for under the Underwriting Agreements, the Underwriters do not have any shareholding interests in any member of our Group nor have any right or option to subscribe for or nominate persons to subscribe for any Shares.

UNDERWRITING

SPONSOR AND ITS INDEPENDENCE

Shenwan Hongyuan Capital (H.K.) Limited as the Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules.

COMPLIANCE ADVISER'S AGREEMENT

The Sole Sponsor has been appointed as the compliance adviser of our Company with effect from the Listing Date until dispatch of the audited consolidated financial results for the second full financial year after the Listing Date.

SPONSOR'S INTERESTS IN OUR COMPANY

Save for (i) the advisory, documentation and arrangement fees to be paid to the Sole Sponsor as the sponsor to the Listing; (ii) the fee to be paid to the Sole Sponsor as our Company's compliance adviser pursuant to the requirements under Rules 6A.19 of the GEM Listing Rules, neither the Sole Sponsor nor any of its close associates has or may have, as a result of the Share Offer, any interest in any class of securities in our Company or any of its subsidiaries (including options or rights to subscribe for such securities).

No director or employee of the Sole Sponsor who is involved in providing advice to our Company has or may have, as a result of the Share Offer, any interest in any class of securities of our Company or any of our subsidiaries (including options or rights to subscribe for such securities that may be subscribed for or purchased by any such director or employee pursuant to the Share Offer). No director or employee of the Sole Sponsor has a directorship in our Company or any of our subsidiaries.

STRUCTURE OF THE SHARE OFFER

THE STRUCTURE OF THE SHARE OFFER

This prospectus is published in connection with the Hong Kong Public Offering as part of the Share Offer. The Share Offer consists of:

- the Hong Kong Public Offering of 20,000,000 Shares (subject to reallocation as mentioned below) as described under “The Hong Kong Public Offering” in this section; and
- the Placing of 180,000,000 Shares (subject to reallocation as mentioned below) as described under “The Placing” in this section.

Investors may apply for the Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the Placing, but may not do both.

The Offer Shares will represent approximately 25% of the enlarged issued share capital of the Company immediately after completion of the Share Offer.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the Placing respectively may be subject to reallocation as described in the paragraph headed “The Hong Kong Public Offering — Reallocation” below in this section.

OFFER PRICE

The Offer Price is HK\$0.3 per Offer Share. Subscribers, must pay, on application, the Offer Price of HK\$0.3 per Offer Share plus 1.0% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee, amounting to a total of approximately HK\$3,030.23 for one board lot of 10,000 Offer Shares.

The level of indications of interest in the Placing, the level of applications on the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares will be announced on the website of the Stock Exchange at www.hkexnews.hk and our Company’s website at www.intechproductions.com on or before Tuesday, 13 June 2017.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon:

(a) Listing

The Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

STRUCTURE OF THE SHARE OFFER

(b) Underwriting Agreements

- (i) The execution and delivery of the Placing Underwriting Agreement; and
- (ii) The obligations of the Underwriters under the Underwriting Agreements becoming unconditional in all respects. This requires that (i) none of the Underwriting Agreements is terminated in accordance with its terms or otherwise prior to 8:00 a.m. on the Listing Date, which is expected to be Wednesday, 14 June 2017; and (ii) all other conditions set out in the Underwriting Agreements are fulfilled, on or before the dates and times specified in the Underwriting Agreements (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 30th day after the date of this prospectus.

If such conditions have not been fulfilled or waived prior to the dates and times specified in the Underwriting Agreements, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of lapse of the Share Offer will be published by our Company on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.intechproductions.com on the next Business Day following the date of such lapse. All money received will be refunded to applicants of the Hong Kong Public Offering without interests.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 20,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Share Offer.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The Hong Kong Offer Shares will represent 2.5% of the Company's enlarged share capital immediately after completion of the Share Offer. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "Conditions of the Share Offer" above.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

STRUCTURE OF THE SHARE OFFER

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the Placing is subject to adjustment. If the number of Hong Kong Offer Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 60,000,000 Shares, 80,000,000 Shares and 100,000,000 Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Share Offer. In such cases, the number of Placing Shares allocated in the Placing will be correspondingly reduced, in such manner as the Sole Lead Manager deems appropriate.

If the Hong Kong Offer Shares are not fully subscribed, the Sole Lead Manager has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the Placing, in such proportions as the Sole Lead Manager deems appropriate. If the Placing is not fully subscribed, the Sole Lead Manager may reallocate all or any unsubscribed Placing Shares to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the Placing may, in certain circumstances (including but not limited to at the request of the SFC and/or the Stock Exchange), be reallocated as between these offerings at the discretion of the Sole Lead Manager.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing. Multiple or suspected multiple applications and any application for more than 100% of the Hong Kong Offer Shares initially comprised in the Hong Kong Public Offering are liable to be rejected.

The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the Offer Price of HK\$0.3 per Hong Kong Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Hong Kong Offer Share. Further details are set out below in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

STRUCTURE OF THE SHARE OFFER

THE PLACING

Number of Offer Shares offered

Subject to reallocation as described above, the Placing will consist of an initial offering of 180,000,000 Placing Shares representing 90% of the Offer Shares under the Share Offer and 22.5% of the Company's enlarged share capital immediately after the completion of the Share Offer.

Allocation

The Placing will include selective marketing of the Placing Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Placing Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Placing Shares pursuant to the Placing will be based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and our Shareholders as a whole.

The Sole Lead Manager may require any investor who has been offered the Placing Shares under the Placing, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Lead Manager so as to allow it to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of the Hong Kong Offer Shares under the Hong Kong Public Offering.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence on Wednesday, 14 June 2017. Our Shares will be traded in board lots of 10,000 Shares each and are freely transferable.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus 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 date of commencement of dealings in the Shares on GEM or any other date as determined by HKSCC. 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.

STRUCTURE OF THE SHARE OFFER

All necessary arrangements have been made for the Shares to be admitted into CCASS.

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

In respect of the dealings in the Shares which may be settled through CCASS, investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for the Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Lead Manager, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application, in full or in part, for any reason at their discretion.

2. WHO CAN APPLY

You can apply for the Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended and supplemented or otherwise modified from time to time ("**Regulation S**"); and
- are not a legal or natural person of the PRC.

If you apply for the Hong Kong Offer Shares online through the **HK eIPO White Form** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer who must state his or her representative and stamped with your corporation's chop.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

If an application is made by a person under a power of attorney, our Company and the Sole Lead Manager, as our Company's agent, may accept or reject it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Hong Kong Offer Shares if:

- you are an existing beneficial owner of Shares and/or any of the subsidiaries of our Company;
- you are a Director or chief executive officer of our Company and/or any of our subsidiaries;
- you are a core connected person (as defined in the GEM Listing Rules) of our Company, or a person who will become a core connected person of our Company immediately upon the completion of the Share Offer;
- you are an associate and/or a close associate (as defined in the GEM Listing Rules) of any of the above; or
- you have been allocated or have applied for or indicated an interest in any Placing Shares under the Placing or otherwise participate in the Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through the **HK eIPO White Form** service at www.hkeipo.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 31 May 2017 until 12:00 noon on Monday, 5 June 2017 from:

- (a) the following office of the Hong Kong Underwriter:

Underwriter Name	Address
Pacific Foundation Securities Limited	11th Floor, New World Tower II 16-18 Queen's Road Central Hong Kong

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- (b) any of the following branches of the receiving bank for the Hong Kong Public Offering:

Bank of Communications Co., Ltd. Hong Kong Branch

District	Branch Name	Address
Hong Kong Island Kowloon	Hong Kong Branch	20 Pedder Street, Central
	Tsim Sha Tsui Sub-Branch	Shop Nos. 1-3 on G/F., CFC Tower, 22-28 Mody Road, Tsim Sha Tsui
	Ngau Tau Kok Sub-Branch	Shop G1 & G2, G/F., Phase I, Amoy Plaza, 77 Ngau Tau Kok Road
New Territories	Tai Po Sub-Branch	Shop No.1, 2, 26 & 27, G/F., Wing Fai Plaza, 29-35 Ting Kok Road, Tai Po
	Market Street Sub-Branch	G/F., 49-55 Tsuen Wan Market Street, Tsuen Wan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 31 May 2017 until 12:00 noon on Monday, 5 June 2017 from:

- the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or
- your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of Communications (Nominee) Co. Ltd. — ITP Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above at the following times:

Wednesday, 31 May 2017 — 9:00 a.m. to 5:00 p.m.

Thursday, 1 June 2017 — 9:00 a.m. to 5:00 p.m.

Friday, 2 June 2017 — 9:00 a.m. to 5:00 p.m.

Saturday, 3 June 2017 — 9:00 a.m. to 1:00 p.m.

Monday, 5 June 2017 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, 5 June 2017, the last day for applications, or such later time as described in the paragraph headed "10. Effect of Bad Weather on the Opening and Closing of the Application Lists" below.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the **WHITE** or **YELLOW** Application Form carefully, otherwise your application may be rejected.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

By submitting a **WHITE** or **YELLOW** Application Form or applying to the **HK eIPO White Form** Service Provider, among other things, you:

- (a) undertake to execute all relevant documents and instruct and authorize our Company, the Sole Sponsor and/or the Sole Lead Manager (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles;
- (b) agree to comply with the Articles, the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (c) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (d) confirm that you have received and read this prospectus and have relied only on the information and representations in this prospectus in making your application and will not rely on any other information or representations, except those in any supplement to this prospectus;
- (e) confirm that you are aware of the restrictions on the Share Offer set out in this prospectus;
- (f) agree that none of our Company, the Sole Sponsor, the Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other person involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);
- (g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing nor participated in the Placing;
- (h) agree to disclose to our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Lead Manager, the Underwriters and/or their respective advisers and agents any personal data which any of them may require about you and the person(s) for whose benefit you have made the application;
- (i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Lead Manager, and the Underwriters nor any of their respective officers or advisers will breach any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions in this prospectus and the Application Form;
- (j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- (k) agree that your application will be governed by the laws of Hong Kong;
- (l) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (m) warrant that the information you have provided is true and accurate;
- (n) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (o) authorise (i) our Company to place your name(s) or the name of HKSCC Nominees on the register of members of our Company as the holder(s) of any Hong Kong Offer Shares allocated to you and (ii) our Company and/or its agents to send any Share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;
- (p) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (q) understand that our Company, the Directors, the Sole Sponsor, the Sole Lead Manager will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as its agent.

Additional Instructions for **YELLOW** Application Form

You should refer to the **YELLOW** Application Form for details.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

5. APPLYING THROUGH THE HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in “2. Who Can Apply” above may apply through the **HK eIPO White Form** service for the Hong Kong Offer Shares to be allocated and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** Service Provider.

Time for Submitting Applications under the HK eIPO White Form Service

You may submit your application through the **HK eIPO White Form** service through the designated website at www.hkeipo.hk (24 hours daily, except on the last day for applications) from 9:00 a.m. on Wednesday, 31 May 2017 until 11:30 a.m. on Monday, 5 June 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, 5 June 2017, the last day for applications, or such later time as described in the paragraph headed “10. Effect of Bad Weather on the Opening and Closing of the Application Lists” below.

No Multiple Applications

If you apply by means of the **HK eIPO White Form** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for the Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under the **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F., One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from the above address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Lead Manager and the Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus; and
- (b) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;
- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as its agent;
- confirm that you understand that our Company, the Directors, the Sole Sponsor and the Sole Lead Manager will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for if you make a false declaration;
- authorize our Company to place HKSCC Nominees' name on the register of members of our Company as the holder of the Hong Kong Offer Shares allocated to you and such other registers as required under the Articles, and dispatch Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made and will not rely on any other information or representations, except those in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Sole Lead Manager, the Underwriters, any of their or the Company's respective directors, officers or representatives or any other person involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);
- agree to disclose to our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Lead Manager, the Underwriters, any of their or the Company's respective directors, officers or representatives or any other person involved in the Share Offer any personal data which they may require about you;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with our Company, and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for the Hong Kong Offer Shares;
- agree with our Company and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for our Company and on behalf of each Shareholder, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Articles and the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- instructed and authorized HKSCC to arrange payment of the Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 10,000 Hong Kong Offer Shares. Instructions for more than 10,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Wednesday, 31 May 2017 — 9:00 a.m. to 8:30 p.m.⁽¹⁾

Thursday, 1 June 2017 — 8:00 a.m. to 8:30 p.m.⁽¹⁾

Friday, 2 June 2017 — 8:00 a.m. to 8:30 p.m.⁽¹⁾

Monday, 5 June 2017 — 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 31 May 2017 until 12:00 noon on Monday, 5 June 2017 (24 hours daily, except on the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 5 June 2017, the last day for applications, or such later time as described in the paragraph headed “10. Effect of Bad Weather on the Opening and Closing of the Application Lists” below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Lead Manager, the Underwriters, any of their or the Company’s respective directors, officers or representatives or any other person involved in the Share Offer about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The application for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for the Hong Kong Offer Shares through the **HK eIPO White Form** service is only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day to make your electronic application. Our Company, the Sole Sponsor, the Sole Lead Manager, the Underwriters, any of their or the Company’s respective directors, officers or representatives or any other person involved in the Share Offer and the **HK eIPO White Form** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. If CCASS Investor Participants have problems in the connection to the CCASS Phone System or the CCASS Internet System for submission of their **electronic application instructions**, they should either (a) submit a **WHITE** or **YELLOW** Application Form or (b) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 5 June 2017, the last day for applications, or such later time as described in the paragraph headed “10. Effect of Bad Weather on the Opening and Closing of the Application Lists” below.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees”, you must include:

- an account number; or
- some other identification code.

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The Offer Price is HK\$0.3 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 10,000 Offer Shares, you will pay HK\$3,030.23.

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for the Shares.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

You must pay the maximum Offer Price, together with brokerage, SFC transaction levy and Stock Exchange trading fee, in full upon application for Hong Kong Offer Shares under the terms and conditions set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 10,000 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 10,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the section headed “Structure of the Share Offer” in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 5 June 2017. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, 5 June 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made.

11. PUBLICATION OF RESULTS

Our Company expects to announce the level of indications of interest in the Placing, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Tuesday, 13 June 2017 on the websites of our Company at www.intechproductions.com and the Stock Exchange at www.hkexnews.hk.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and dates and in the manner set out below:

- in the announcement to be posted on the websites of our Company at www.intechproductions.com and the Stock Exchange at www.hkexnews.hk, respectively, by no later than 9:00 a.m. on Tuesday, 13 June 2017;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID function” on a 24-hour basis from 8:00 a.m. on Tuesday, 13 June 2017 to 12:00 midnight on Monday, 19 June 2017;
- from the telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 13 June 2017 to Friday, 16 June 2017 on a business day; and
- in the special allocation results booklets which will be available for inspection during the opening hours of the receiving bank designated branches referred to above from Tuesday, 13 June 2017 to Thursday, 15 June 2017.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are set out in the section headed “Structure of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(a) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

(b) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Lead Manager, the **HK eIPO White Form** Service Provider and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(c) If the allotment of the Hong Kong Offer Shares is void:

The allotment of the Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the applications lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website at www.hkeipo.hk;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- our Company or the Sole Lead Manager believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations;
- you apply for more than 100% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering; or
- the Underwriting Agreements do not become unconditional or is terminated.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offering as set out in the section headed “Structure of the Share Offer — Conditions of the Share Offer” in this prospectus are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on or before Tuesday, 13 June 2017.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES/REFUND CHEQUES

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** Application Form(s), subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- (a) Share certificate(s) for all the Hong Kong Offer Shares allocated to you (for applicants on **YELLOW** Application Forms, Share certificate(s) for the Hong Kong Offer Shares allocated to you will be deposited into CCASS as described below); and
- (b) refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificate(s) are expected to be posted on or before Tuesday, 13 June 2017. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 14 June 2017, provided that the Share Offer has become unconditional in all respects at or before that time and that the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of the Share certificates or prior to the Share certificates becoming valid do so entirely at their own risk.

Personal Collection

(a) *If you apply using a WHITE Application Form:*

- If you apply for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) (where applicable) from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 13 June 2017.
- If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant who is eligible for personal collection, your authorized representative must provide a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.
- If you do not collect your refund cheque(s) and/or Share certificate(s) personally (where applicable) within the time specified for collection, they will be dispatched promptly to you to the address specified in your Application Form by ordinary post and at your own risk.
- If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) (where applicable) will be sent to the address specified in your Application Form on or before Tuesday, 13 June 2017 by ordinary post and at your own risk.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

(b) *If you apply using a **YELLOW** Application Form:*

- If you apply for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by your Application Form, please follow the same instructions as described above for collection of your refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address specified in the Application Form on or before Tuesday, 13 June 2017 by ordinary post and at your own risk.
- If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or your designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 13 June 2017 or, in the event of a contingency, on any other date determined by HKSCC or HKSCC Nominees.
- If you apply through a designated CCASS Participant (other than a CCASS Investor Participant), for Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.
- If you apply as a CCASS Investor Participant, our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering on Tuesday, 13 June 2017 in the manner as described in "11. Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 13 June 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System.

(c) *If you apply through **HK eIPO White Form** service:*

- If you apply for 1,000,000 Hong Kong Offer Shares or more through the **HK eIPO White Form** service and your application is wholly or partially successful, you may collect your Share certificate(s) (where applicable) in person from the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 13 June 2017, or any other place or date notified by our Company in the newspapers as the place or date of dispatch/ collection of Share certificates/e-Auto Refund payment instructions/refund cheques.
- If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.
- If you apply for less than 1,000,000 Hong Kong Offer Shares through the **HK eIPO White Form** service, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, 13 June 2017 by ordinary post and at your own risk.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address specified in your application instructions in the form of refund cheque(s) by ordinary post and at your own risk.

(d) *If you apply by giving electronic application instructions to HKSCC via CCASS:*

Allocation of Hong Kong Offer Shares

- For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 13 June 2017 or on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Shares in the manner as described in the paragraph headed "11. Publication of Results" above on Tuesday, 13 June 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 13 June 2017 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 13 June 2017. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 13 June 2017.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply 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 the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) 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.

Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

31 May 2017

The Directors

In Technical Productions Holdings Limited

Shenwan Hongyuan Capital (H.K.) Limited

Dear Sirs,

We report on the financial information of In Technical Productions Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the consolidated statements of financial position of the Group as at 31 May 2015 and 2016 and 30 November 2016, the statement of financial position of the Company as at 30 November 2016, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended 31 May 2015 and 2016 and the six months ended 30 November 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to III below for inclusion in Appendix I to the prospectus of the Company dated 31 May 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 4 November 2016 as an exempted company with limited liability under the Companies Law (revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time. Pursuant to a group reorganisation as described in Note 1.2 of Section II headed "Reorganisation" below, which was completed on 24 November 2016, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 1.2 of Section II below. All of these companies are private companies.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

No statutory audited financial statements have been prepared by the Company as it is newly incorporated and the Company has not been involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The statutory audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their place of incorporation. The details of the statutory auditors of these companies are set out in Note 1.2 of Section II.

The directors of the Company have prepared the consolidated financial statements of the Company for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) (the “Underlying Financial Statements”). The directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the “HKSAs”) issued by the HKICPA pursuant to separate terms of engagement with the Company.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

Director’s Responsibility for the Financial Information

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Reporting Accountant’s Responsibility

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

Opinion

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the financial position of the Company as at 30 November 2016 and of the financial position of the Group as at 31 May 2015 and 2016 and 30 November 2016 and of the Group’s financial performance and cash flows for the Relevant Periods.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information set out in Sections I and II below included in Appendix I to the Prospectus which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 November 2015 and a summary of significant accounting policies and other explanatory information (the “Stub Period Comparative Financial Information”).

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 3 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review 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. A review of the Stub Period Comparative Financial Information consists of making inquiries, 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 HKSAs 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.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 3 of Section II below.

I. FINANCIAL INFORMATION OF THE GROUP

The following is the financial information of the Group prepared by the directors of the Company as at 31 May 2015 and 2016 and 30 November 2016, and for each of the years ended 31 May 2015 and 2016 and the six months ended 30 November 2015 and 2016 (the "Financial Information"):

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	Note	HK\$	HK\$	HK\$
Assets				
Non-current assets				
Property, plant and equipment	7	36,429,417	39,783,517	67,151,247
Deposits	9	—	778,045	—
		<u>36,429,417</u>	<u>40,561,562</u>	<u>67,151,247</u>
Current assets				
Trade receivables	9	3,650,580	6,712,321	5,614,143
Prepayments, deposits and other receivables	9	5,191,658	879,800	1,111,641
Amount due from a director	15	5,345,376	5,680,215	8,742,379
Investment in an insurance contract	8	1,866,021	—	—
Cash and bank balances	10	1,547,163	2,585,355	15,259,028
		<u>17,600,798</u>	<u>15,857,691</u>	<u>30,727,191</u>
Total assets		<u><u>54,030,215</u></u>	<u><u>56,419,253</u></u>	<u><u>97,878,438</u></u>
Equity				
Capital and reserves attributable to the owners of the Company				
Share capital	16	—	—	—
Reserves		17,384,457	24,502,624	22,804,516
		<u>17,384,457</u>	<u>24,502,624</u>	<u>22,804,516</u>
Non-controlling interests		<u>36,719</u>	<u>(79,312)</u>	<u>(103,649)</u>
Total equity		<u><u>17,421,176</u></u>	<u><u>24,423,312</u></u>	<u><u>22,700,867</u></u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	Note	HK\$	HK\$	HK\$
Liabilities				
Non-current liabilities				
Deferred tax liabilities	18	2,702,132	3,390,686	4,924,501
Obligations under finance leases	12	—	410,000	350,000
Other payables	14	—	—	10,521,050
Shareholder's loan	13	—	—	13,886,256
		<u>2,702,132</u>	<u>3,800,686</u>	<u>29,681,807</u>
Current liabilities				
Bank overdrafts	10	540,389	—	5,617
Other payables and accrued liabilities . . .	14	15,941,671	10,250,160	20,261,706
Amount due to a director	15	509,478	1,115,397	1,150,246
Bank borrowings	11	15,572,428	15,222,312	22,503,598
Obligations under finance leases	12	273,880	305,803	273,014
Taxation payable		<u>1,069,061</u>	<u>1,301,583</u>	<u>1,301,583</u>
		<u>33,906,907</u>	<u>28,195,255</u>	<u>45,495,764</u>
Total liabilities		<u>36,609,039</u>	<u>31,995,941</u>	<u>75,177,571</u>
Total equity and liabilities		<u>54,030,215</u>	<u>56,419,253</u>	<u>97,878,438</u>

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		As at 30 November 2016
	Note	HK\$
Assets		
Non-current asset		
Investment in a subsidiary	27	32,709,149
Current asset		
Prepayments	9	453,682
Total assets		<u>33,162,831</u>
Equity		
Share capital	16	—
Reserves	17(b)	24,468,087
Total equity		<u>24,468,087</u>
Liabilities		
Current liabilities		
Amount due to a subsidiary	15	4,187,635
Amount due to a director	15	55,000
Other payables and accruals	14	4,452,109
Total liabilities		<u>8,694,744</u>
Total equity and liabilities		<u>33,162,831</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31 May		Six months ended 30 November	
		2015	2016	2015	2016
		HK\$	HK\$	HK\$	HK\$
Revenue	19	26,821,790	40,805,200	23,238,914	26,550,594
Cost of services	22	(16,381,270)	(22,842,354)	(12,847,028)	(13,769,794)
Gross profit		10,440,520	17,962,846	10,391,886	12,780,800
Other income	19	116,330	53,221	7,369	53,329
Other gains, net	20	448,520	302,784	274,308	276,339
Administrative expenses	22				
- Professional service fees in respect of listing preparation		—	—	—	(8,133,003)
- Others		(8,533,830)	(8,667,142)	(4,365,454)	(5,575,413)
Operating profit/(loss)		2,471,540	9,651,709	6,308,109	(597,948)
Finance income	21	273	523	291	245
Finance costs	21	(839,510)	(1,069,213)	(539,983)	(423,717)
Finance costs, net	21	(839,237)	(1,068,690)	(539,692)	(423,472)
Profit/(loss) before income tax . .		1,632,303	8,583,019	5,768,417	(1,021,420)
Income tax expense	25	(539,041)	(1,654,959)	(1,099,341)	(1,533,815)
Profit/(loss) for the year/period . .		1,093,262	6,928,060	4,669,076	(2,555,235)
Attributable to:					
- Owners of the Company		1,219,220	7,058,939	4,781,446	(2,527,503)
- Non-controlling interests		(125,958)	(130,879)	(112,370)	(27,732)
		1,093,262	6,928,060	4,669,076	(2,555,235)
Other comprehensive (loss)/income:					
Item that may be subsequently reclassified to profit or loss					
- Exchange difference on translation of foreign operations		(14,784)	74,076	(21,338)	69,046
Total comprehensive income/(loss) for the year/period		1,078,478	7,002,136	4,647,738	(2,486,189)
Attributable to:					
- Owners of the Company		1,206,066	7,118,167	4,757,707	(2,461,852)
- Non-controlling interests	28	(127,588)	(116,031)	(109,969)	(24,337)
		1,078,478	7,002,136	4,647,738	(2,486,189)
Earnings/(losses) per share for profit/(loss) attributable to owners of the Company during the year/period					
- Basic and diluted	26	1,219,220	7,058,939	4,781,446	(2,527,503)

Note: The earnings/(losses) per share presented above has not taken into account the proposed capitalisation issue pursuant to the Shareholder's resolution dated 19 May 2017 (Note 34) because the proposed capitalisation issue has not become effective as at the date of this report.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Share capital	Capital reserve	Exchange reserve	Retained earnings	Total		
	(Note 16)	(Note 17(a))					
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 1 June 2014	—	10,000	24,722	16,143,669	16,178,391	164,307	16,342,698
Profit/(loss) for the year	—	—	—	1,219,220	1,219,220	(125,958)	1,093,262
Other comprehensive loss:							
- Exchange difference on translation of foreign operations	—	—	(13,154)	—	(13,154)	(1,630)	(14,784)
Total comprehensive (loss)/income	—	—	(13,154)	1,219,220	1,206,066	(127,588)	1,078,478
Balance at 31 May 2015	—	10,000	11,568	17,362,889	17,384,457	36,719	17,421,176
Balance at 1 June 2015	—	10,000	11,568	17,362,889	17,384,457	36,719	17,421,176
Profit/(loss) for the year	—	—	—	7,058,939	7,058,939	(130,879)	6,928,060
Other comprehensive income:							
- Exchange difference on translation of foreign operations	—	—	59,228	—	59,228	14,848	74,076
Total comprehensive income/(loss)	—	—	59,228	7,058,939	7,118,167	(116,031)	7,002,136
Balance at 31 May 2016	—	10,000	70,796	24,421,828	24,502,624	(79,312)	24,423,312
Balance at 1 June 2016	—	10,000	70,796	24,421,828	24,502,624	(79,312)	24,423,312
Loss for the period	—	—	—	(2,527,503)	(2,527,503)	(27,732)	(2,555,235)
Other comprehensive loss:							
- Exchange difference on translation of foreign operations	—	—	65,651	—	65,651	3,395	69,046
Total comprehensive (loss)/income	—	—	65,651	(2,527,503)	(2,461,852)	(24,337)	(2,486,189)
Transaction with owners:							
- Difference between the fair value of the shareholder's loan and the amount received (Note 13)	—	763,744	—	—	763,744	—	763,744
Balance at 30 November 2016	—	773,744	136,447	21,894,325	22,804,516	(103,649)	22,700,867
Balance at 1 June 2015	—	10,000	11,568	17,362,889	17,384,457	36,719	17,421,176
Profit/(loss) for the period	—	—	—	4,781,446	4,781,446	(112,370)	4,669,076
Other comprehensive (loss)/income:							
- Exchange difference on translation of foreign operations	—	—	(23,739)	—	(23,739)	2,401	(21,338)
Total comprehensive (loss)/income	—	—	(23,739)	4,781,446	4,757,707	(109,969)	4,647,738
Balance at 30 November 2015 (Unaudited)	—	10,000	(12,171)	22,144,335	22,142,164	(73,250)	22,068,914

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i> <i>(Unaudited)</i>	<i>HK\$</i>
<i>Note</i>				
Cash flows from operating activities				
Operating profit/(loss)	2,471,540	9,651,709	6,308,109	(597,948)
Adjustments for:				
Depreciation	6,066,368	7,563,618	3,650,295	4,880,043
Write-off of property, plant and equipment	—	46,927	—	—
Gain on investment in insurance contract.	(66,820)	(46,195)	(31,429)	—
Gain on disposal of property, plant and equipment.	—	(85,000)	(85,000)	—
Compensation income	(500,000)	—	—	—
Operating profit before working capital changes .	7,971,088	17,131,059	9,841,975	4,282,095
Changes in working capital:				
Trade receivables	2,088,859	(3,069,038)	(3,653,100)	1,098,178
Prepayments, deposits and other receivables.	(3,938,573)	3,440,967	2,639,211	(239,511)
Other payables and accrued liabilities	3,322,404	(3,690,687)	(2,542,058)	6,366,682
Cash generated from operations.	9,443,778	13,812,301	6,286,028	11,507,444
Hong Kong profits tax refunded/(paid).	427,201	(733,883)	(133,818)	—
Net cash generated from operating activities	9,870,979	13,078,418	6,152,210	11,507,444
Cash flows from investing activities				
Interest received	273	523	291	245
Advances to a director	(5,345,376)	(349,879)	(3,077,999)	(3,062,164)
Payments for acquisition of property, plant and equipment (Note)	(10,299,686)	(12,205,641)	(8,279,530)	(17,216,203)
Surrender of an insurance contract	—	1,912,216	—	—

APPENDIX I
ACCOUNTANT'S REPORT

	<i>Note</i>	Year ended 31 May		Six months ended 30 November	
		2015	2016	2015	2016
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i> (Unaudited)	<i>HK\$</i>
Proceeds from disposal of property, plant and equipment		—	85,000	85,000	—
Net cash used in investing activities		(15,644,789)	(10,557,781)	(11,272,238)	(20,278,122)
Cash flows from financing activities					
Proceeds from bank loans .		10,240,622	6,400,000	5,000,000	10,000,000
Repayments of bank loans .		(3,404,456)	(6,750,116)	(1,432,871)	(2,718,714)
Advances from a director . .		443,953	684,476	309,417	34,849
Loan from a shareholder . .		—	—	—	14,650,000
Repayments of capital element of the finance leases		(119,577)	(158,077)	(65,289)	(92,789)
Bank loans interest paid . .		(820,478)	(1,045,744)	(529,237)	(411,296)
Finance charges on obligations under finance leases		(19,032)	(23,469)	(10,746)	(12,421)
Net cash generated from/ (used in) financing activities		6,321,032	(892,930)	3,271,274	21,449,629
Net increase/(decrease) in cash and cash equivalents		547,222	1,627,707	(1,848,754)	12,678,951
Effect of foreign exchange rate changes		—	(49,126)	(6,463)	(10,895)
Cash and cash equivalents at beginning of the year/period		459,552	1,006,774	1,006,774	2,585,355
Cash and cash equivalents at end of the year/period	10	1,006,774	2,585,355	(848,443)	15,253,411

Note: During the year ended 31 May 2016, the Group acquired property, plant and equipment amounting to HK\$600,000 under finance leases which represented a non-cash transaction.

In addition, during the six months ended 30 November 2016, the Group also acquired property, plant and equipment amounting to HK\$23,310,000 (Note 14). The Group settled HK\$6,991,688 during the six months ended 30 November 2016 and the remaining balance of HK\$16,318,312 will be settled in 38 instalments until year 2020, which represented a non-cash transaction.

II NOTES TO THE FINANCIAL INFORMATION**1 General information and reorganisation****1.1 Corporate information**

In Technical Productions Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 4 November 2016 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KYI-1108 Cayman Islands.

The Company is an investment holding company. The Company and the companies now comprising the Group (together the “Group”) are principally engaged in the provision of visual display solution services for concerts and events in Hong Kong, Macau, the People’s Republic of China (the “PRC”) and Taiwan (the “Business”).

The Financial Information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

1.2 Reorganisation

Prior to the incorporation of the Company, the Business was conducted by In Technical Productions Limited (“ITP (HK)”) and its subsidiaries. ITP (HK) was owned by Mr. Yeung Ho Ting Dennis (“Mr. Yeung”), Mr. Chang Yu-shu (“Mr. Chang”) and UCP Co., Ltd. as to 75%, 15% and 10%.

In preparation for the initial public offering (“IPO”) and the listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Listing”), the Company underwent a reorganisation (the “Reorganisation”) of the corporate structure of the companies now comprising the Group. The major steps undertaken to effect the Reorganisation are as follows:

- (a) On 4 November 2016, the Company was incorporated in the Cayman Islands as the holding company of the Group. Upon incorporation, one share of HK\$0.01, representing the entire issued share capital of the Company, was allotted and issued to Next Vision Management Limited (“Next Vision”), a company owned by Mr. Yeung, Mr. Chang and UCP Co., Ltd. as to 75%, 15% and 10%.
- (b) In Technical Productions (B.V.I.) Limited (“ITP (BVI)”) was incorporated in the British Virgin Islands (“BVI”) on 9 November 2016 as the intermediate holding company of the Group. Upon incorporation, one share of US\$1.00, representing the entire issued share capital of ITP (BVI), was allotted and issued to the Company.
- (c) On 24 November 2016, ITP (BVI) acquired 75%, 15% and 10% of the issued share capital of ITP (HK) from Mr. Yeung, Mr. Chang and UCP at a consideration of HK\$24,531,855, HK\$4,906,371 and HK\$3,270,914, respectively, which were determined with reference

to the net asset value of ITP (HK) as at 31 May 2016. Such consideration was satisfied by allotting and issuing 74 shares, 15 shares and 10 shares in ITP (BVI) to the Company, as directed by Mr. Yeung, Mr. Chang and UCP Co. Ltd., respectively, on 24 November 2016. Upon completion of the acquisition, ITP (HK) became a wholly owned subsidiary of ITP (BVI).

Upon the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group. Particulars of the subsidiaries held by the Group during the Relevant Periods are as follows:

Name	Place and date of incorporation	Particulars of issued and paid up capital	Percentage of equity held during the Relevant Periods	Principal activities
Directly held				
ITP (BVI) ^(Note iii)	The BVI, 9 November 2016	US\$100	100%	Investment holdings in Hong Kong
Indirectly held				
ITP (HK) ^(Note i)	Hong Kong, 10 March 2009	HK\$10,000	100%	Provisions of video display solution services for concerts and events in Hong Kong, Macau, the PRC and Taiwan
Shiji Tiansheng Cultural Communication (Shenzhen) Limited* (世紀天盛文化傳播(深圳)有限公司) ^(Note ii)	The PRC, 4 July 2012	RMB3,500,000	100%	Provisions of video display solution services for concerts and events in the PRC
Shanghai Yingtegao Stage Arts Limited*(上海英特高舞台藝術有限公司) ^(Note iii)	The PRC, 14 October 2014	RMB1,000,000	100%	Provision of stage design and equipment installation services in the PRC
Shenzhen Shiji Tiansheng Technology Limited* (深圳市世紀天盛科技有限公司) ^(Note ii)	The PRC, 11 July 2013	RMB500,000	70%	Import and export and wholesale of video equipment and parts and related support services in the PRC

Notes:

- (i) The statutory financial statements of this subsidiary for the year ended 31 May 2015 were audited by PricewaterhouseCoopers. Up to the date of this report, the statutory financial statements of this subsidiary for the year ended 31 May 2016 have not yet been issued.
- (ii) The statutory financial statements of these subsidiaries for the year ended 31 December 2014 and 2015 were audited by Shenzhen Jiatai Certified Public Accountants* (深圳佳泰會計師事務所).
- (iii) No audited statutory financial statements have been issued for these entities as there are no statutory requirements in the respective places of incorporation.

* The English names of certain subsidiaries and auditors referred to above represented the best efforts by management of the Company in translating their Chinese names as they do not have official English names.

2 Basis of presentation

Immediately prior to and after the Reorganisation, the Business had been and continues to be conducted through companies managed and controlled by Mr. Yeung. The Company has not been involved in any business prior to the Reorganisation. The Reorganisation is merely a reorganisation of the Business with no change in management and the controlling shareholders. The Group established resulting from the Reorganisation is regarded as a continuation of the Business and under common control of Mr. Yeung before and after the Reorganisation.

Accordingly, the consolidated financial information of the Company is prepared in accordance with HKFRS 10, "Consolidated Financial Statements", issued by the HKICPA, by using the carrying values of the Business for all periods presented, or since the respective dates of incorporation of the subsidiaries within the Group, whichever is the later for the purpose of this report.

Intercompany transactions, balances and unrealised profits or losses on transactions between group companies are eliminated on consolidation.

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to the Relevant Periods, unless otherwise stated.

3 Summary of significant accounting policies**3.1 Basis of preparation**

For the purpose of this report, the principal accounting policies applied in the preparation of the Financial Information which are in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the HKICPA are set out below. The Financial Information has been prepared under the historical cost convention, except that investment in an insurance contract is stated at its cash surrender value.

As at 30 November 2016, the Group's current liabilities exceeded its current assets by HK\$14,768,573. Included in current liabilities were bank borrowings of HK\$15,463,412 which are due for repayment after one year but have been classified as current liabilities as they are subject to a repayable on demand clause as at 30 November 2016. The directors have taken into account all information that could reasonably be expected to be available, and given the good repayment records and relationship with the banks, they are of the opinion that all bank borrowings will continue to be available to the Group for the next twelve months from the date of this report and be repayable in accordance with the agreed repayment schedules as set out in the relevant agreements.

In addition, during the six months ended 30 November 2016, the Group successfully secured additional financing from a bank amounting to HK\$10,000,000 which shall be repaid in 60 monthly instalments until November 2021, and a long-term shareholder's loan amounting to HK\$14,650,000 (Note 13) to strengthen the liquidity position of the Group. Pursuant to the written resolution passed

by the then sole shareholder of the Company on 19 May 2017, the Directors are authorised to and will capitalise an amount of approximately HK\$12.0 million of such shareholder's loan upon Listing. The Directors also confirm that the remaining balance of approximately HK\$2.7 million will be repaid upon Listing.

Management has prepared cash flow projections which cover a period of twelve months from the date of this report. The directors of the Company have reviewed the Group's cash flow projections and are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from the date of this report. The directors believe that the Group will continue as a going concern and accordingly have prepared the Financial Information on a going concern basis.

The preparation of Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. 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 5.

- (i) New standards, amendments to existing standards and interpretations that have been issued but are not effective and have not been early adopted.

		Effective for annual periods beginning on or after
Amendment to HKAS 7	Statement of Cash Flows	1 January 2017
Amendment to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019
Annual Improvements Project	Annual Improvements 2014-2016 Cycle	1 January 2017

HKFRS 9 "Financial instruments" replaces the whole of HKAS 39. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an

accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

HKFRS 9 also introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a ‘three stage’ approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

During the Relevant Periods, all of the Group’s financial assets and financial liabilities were carried at amortised costs without significant impairment on the former, the implementation of HKFRS 9 is not expected to result in any significant impact on the Group’s financial position and results of operations.

HKFRS 15 “Revenue from Contracts with Customers” - This new standard replaces the previous revenue standards: HKAS 18 “Revenue” and HKAS 11 “Construction Contracts”, and the related Interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an “earnings processes” to an “asset-liability” approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The Group has performed a preliminary assessment of the potential impact of the application of HKFRS 15 and identified the key areas which might be accounted for differently under this new standard, including but not limited to the timing of revenue recognition and the accounting treatment of contract costs, and the impact is not expected to be material.

HKFRS 16 “Leases” — The Group is a lessee of its offices and warehouses which are currently classified as operating leases. The Group’s current accounting policy for such leases is set out in Note 3.14. As at 30 November 2016, the aggregated future lease payments of the Group under operating leases was HK\$2,880,068. HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the statements of financial position. Instead, all long-term leases must be recognised in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which would carry initially at the

discounted present value of the future operating lease commitments currently disclosed in Note 30(b). Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the statements of financial position. In profit or loss, rental expenses will be replaced with depreciation and interest expense. The implementation of HKFRS 16 is not expected to result in any significant impact on the Group's financial position and results of operations but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right of use assets and lease liabilities.

According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Group's financial position and results of operations upon adoption of the other new, amended and revised HKFRSs mentioned above other than changes on the disclosure.

3.2 *Subsidiaries*

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions—that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3.3 *Foreign currency translation*

(a) *Functional and presentation currency*

Items included in the Financial Information are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The Financial Information are presented in HK\$, which is the Company's functional currency and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

3.4 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company who make strategic decisions.

3.5 *Property, plant and equipment*

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. All other repairs and maintenance are expensed in profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost over their estimated useful lives, as follows:

Visual display equipment	8 years or over the period of the event, where appropriate
Furniture and other equipment	4 years
Motor vehicles	3 years
Leasehold improvements	Over the lease term

Visual display equipment is depreciated over a useful life of eight years, except for those which are custom made for a particular project/event. Such equipment is depreciated over the duration of the project/event.

The assets' useful lives are reviewed, and adjusted if appropriate, at each period end date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.6).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in other gains/losses, net in the statement of comprehensive income.

3.6 *Impairment of non-financial assets*

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each period end date.

3.7 *Financial assets*

(i) *Classification*

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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 are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables, deposits and other receivables, amount due from a director and cash and bank balances in the statement of financial position.

(ii) *Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on the trade-date-the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

3.8 *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

3.9 *Impairment of financial assets-assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred 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 (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

3.10 *Trade and other receivables*

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

3.11 *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts.

3.12 *Payables*

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.13 *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.14 *Leases*

(i) *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

(ii) *Finance leases*

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is recognised in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3.15 *Borrowings and borrowing costs*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.16 *Current and deferred income tax*

The tax expense for the year/period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the period end date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the period end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.17 *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.18 *Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) *Revenue from visual display solution services*

Revenue from visual display solution services is recognised after each show or event of a project is performed.

(ii) *Interest income*

Interest income is recognised on a time-proportion basis using the effective interest method.

(iii) *Handling income*

Handling income is recognised when the services are performed.

(iv) *Equipment rental income*

Equipment rental income is recognised on a straight-line basis over the term of the lease.

3.19 *Employee benefits*

(i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the period end date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Pension obligation*

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on mandatory, contractual or voluntary basis into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Group's contributions to the defined contribution plans are expensed as incurred.

3.20 *Investment in an insurance contract*

The Group acquired a key management insurance contract, which includes both investment and insurance elements. The investment insurance contract is initially recognised at the amount of the premium paid and subsequently carried at the amount that could be realised under the insurance contract (cash surrender value) at end of each reporting period, with changes recognised in profit or loss.

4 Financial risk management

4.1 *Financial risk factors*

The Group's activities expose it to a variety of financial risks: interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

(a) *Interest rate risk*

Other than the bank balances, the Group has no other interest-bearing assets. The Group's bank balances earn interests at low interest rates which are not significant. Certain bank borrowings at floating rates expose the Group to cash flow interest rate risk.

At 31 May 2015 and 2016 and 30 November 2016, if the interest rates on these loans had been 50 basis points higher/lower with all other variables held constant, the Group's finance costs would have been approximately HK\$77,862, HK\$76,112 and HK\$112,518, respectively, higher/lower.

(b) *Foreign exchange risk*

The Group operates mainly in Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United states dollars ("US\$") and Renminbi ("RMB"). Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the group entities' functional currency.

In the opinion of the directors, US\$ is reasonably stable with HK\$ under the Linked Exchange Rate System, and accordingly, the Group considers the foreign exchange risk is low and no sensitivity analysis is performed relative to the US\$.

At 31 May 2015 and 2016 and 30 November 2016, if RMB had weakened/strengthened by 5% against HK\$ with all other variables held constant, profit for the years ended 31 May 2015 and 31 May 2016 would have been approximately HK\$149,340 and HK\$272,065, respectively, higher/lower, and loss for the six months ended 30 November 2016 would have been approximately HK\$232,852 lower/higher mainly as a result of foreign exchange gains/losses on translation of payables denominated in RMB.

(c) *Credit risk*

Credit risk mainly arises from cash and bank balances, trade and other receivables and deposits and balances due from the directors. The carrying amounts of these balances in the consolidated statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group maintains a credit policy for its customers and the credit terms given vary according to the business activities. The financial strength of and the length of business relationship with the customers, on an individual basis, are considered in arriving at the respective credit terms. Overdue balances are reviewed regularly by management.

The credit quality of the debtors is assessed based on the financial position of the debtors as well as past experience of the Group in dealing with respective debtors. The Group's historical experience in collection of deposits and receivables falls within recorded allowance and the directors are of the opinion that adequate provision for uncollectible receivable has been made.

Majority of the Group's bank balances are placed in those banks and financial institutions which are independently rated with a high credit rating. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past. There is no concentration of credit risk as the Group's bank balances and deposits were mainly deposited in financial institutions with good credit ratings, and the Group has a large number of counterparties for receivables. Management does not expect any losses from non-performance by these financial institutions and counterparties.

(d) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The Group's primary cash requirements have been for additions of machinery and equipment, and payment for purchases and operating expenses. The Group mainly finances its working capital requirements through internal resources, shareholder's loan and bank borrowings.

The Group monitors and maintains a level of cash and cash equivalents considered adequate by the directors to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The directors monitor the utilisation of bank borrowings to ensure adequate unutilised banking facilities and compliance with loan covenants.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the period end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Within 1 year/ repayable on demand	Between 1 and 2 years	Between 2 and 5 years	Total
	HK\$	HK\$	HK\$	HK\$
At 31 May 2015				
Bank overdrafts	540,389	—	—	540,389
Other payables and accrued liabilities . . .	12,941,671	—	—	12,941,671
Amount due to a director	509,478	—	—	509,478
Bank borrowings (Note)	15,572,428	—	—	15,572,428
Obligations under finance leases (Note) . .	315,435	—	—	315,435
	<u>29,879,401</u>	<u>—</u>	<u>—</u>	<u>29,879,401</u>
At 31 May 2016				
Other payables and accrued liabilities . . .	10,250,160	—	—	10,250,160
Amount due to a director	1,115,397	—	—	1,115,397
Bank borrowings (Note)	15,222,312	—	—	15,222,312
Obligations under finance leases (Note) . .	348,690	135,000	326,250	809,940
	<u>26,936,559</u>	<u>135,000</u>	<u>326,250</u>	<u>27,397,809</u>
At 30 November 2016				
Bank overdrafts	5,617	—	—	5,617
Other payables and accrued liabilities . . .	18,257,058	5,128,612	6,060,188	29,445,858
Amount due to a director	1,150,246	—	—	1,150,246
Bank borrowings (Note)	22,503,598	—	—	22,503,598
Obligations under finance leases (Note) . .	310,980	135,000	258,750	704,730
Shareholder's loan (Note 13)	—	14,650,000	—	14,650,000
	<u>42,227,499</u>	<u>19,913,612</u>	<u>6,318,938</u>	<u>68,460,049</u>

Note: The maturity analysis of the bank borrowings and obligations under finance leases is disclosed with reference to the agreed repayment schedules as set out in the relevant agreements, taking into account the clause of repayable on demand.

Without taking into account the clause of repayment on demand, the maturity analysis of the bank borrowings and obligations under finance leases are analysed as follows:

	Within 1 year/ repayable on demand	Between 1 and 2 years	Between 2 and 5 years	Total
	HK\$	HK\$	HK\$	HK\$
At 31 May 2015	5,782,967	5,012,961	6,392,328	17,188,256
At 31 May 2016	6,373,775	5,377,815	5,637,594	17,389,184
At 30 November 2016	8,321,941	6,625,499	10,757,663	25,705,103

4.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of shareholders' equity and total borrowings. Capital is managed so as to maximise the return to shareholders while maintaining a capital base to allow the Group to operate effectively in the marketplace and sustain future development of the business. The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statements of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statements of financial position plus net debt.

The gearing ratios as at 31 May 2015 and 2016 and 30 November 2016 are as follows:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
Total borrowings (Note 11, 12 and 13)	15,846,308	15,938,115	37,012,868
Less: cash and cash equivalents (Note 10)	(1,006,774)	(2,585,355)	(15,253,411)
Net debt.	14,839,534	13,352,760	21,759,457
Total equity	17,421,176	24,423,312	22,700,867
Total capital.	32,260,710	37,776,072	44,460,324
Gearing ratio	46%	35%	49%

As at 31 May 2016, the decrease in gearing ratio was mainly resulted from an increase in cash and cash equivalents. As at 30 November 2016, the increase in gearing ratio was mainly resulted from increase in bank borrowings and a shareholder's loan and the loss for the six months ended 30 November 2016.

4.3 Fair value estimation

The carrying values less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

5 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) *Useful lives of property, plant and equipment*

Management determines the estimated useful lives, and related depreciation charge for its property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. It will write off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore affect the depreciation charge in future periods.

(b) *Impairment of non-financial assets*

Non-financial assets including property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates. Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and the resulting future cash flow projections, it may be necessary to take an impairment charge to the profit or loss.

(c) *Impairment of receivables*

Management determines the provision for impairment of receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its debtors and the current market condition, and requires the use of judgements and estimates. Management reassesses the provision at each period end date.

(d) *Current and deferred taxation*

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. The Group recognises liabilities or anticipated tax audit issues 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.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

6 Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. These reports are prepared on the same basis as this Financial Information.

The chief operating decision-maker is identified as the executive directors of the Company. The executive directors review the Group's financial information mainly from a single business perspective as the Group is mainly engaged in the provision of visual display solution services.

The Group's revenue is attributable to the following geographical markets:

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
Hong Kong	15,549,350	20,596,938	9,708,544	11,539,393
PRC	7,102,440	10,668,312	5,665,420	14,021,201
Taiwan	845,000	6,274,950	6,274,950	330,000
Macau	3,249,000	3,250,000	1,575,000	510,000
Others	76,000	15,000	15,000	150,000
	<u>26,821,790</u>	<u>40,805,200</u>	<u>23,238,914</u>	<u>26,550,594</u>

Geographically, total assets and capital expenditures are allocated based on where the assets are located. The location of the Group's total assets and non-current assets are as follows:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
Assets:			
Hong Kong	52,150,945	53,767,174	95,590,485
PRC	<u>1,879,270</u>	<u>2,652,079</u>	<u>2,287,953</u>
	<u>54,030,215</u>	<u>56,419,253</u>	<u>97,878,438</u>
Non-current assets:			
Hong Kong	35,416,917	38,444,906	65,339,317
PRC	<u>1,012,500</u>	<u>2,116,656</u>	<u>1,811,930</u>
	<u>36,429,417</u>	<u>40,561,562</u>	<u>67,151,247</u>

Details of the customers accounting for 10% or more of the total revenue are as follows:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Customer I.	12,809,050	15,011,750	4,441,250
Customer II (Note).	3,581,000	4,888,850	736,000
Customer III (Note).	3,188,000	1,465,000	3,050,000
Customer IV (Note).	506,250	4,836,250	5,030,000
Customer V	—	6,274,950	—
Customer VI	—	—	6,484,860
	<u>20,084,300</u>	<u>32,476,800</u>	<u>19,742,110</u>

Note: Revenue from Customer IV did not exceed 10% of total revenue during the year ended 31 May 2015. Revenue from Customer III did not exceed 10% of total revenue during the year ended 31 May 2016. Revenue from Customer II did not exceed 10% of total revenue during the six months ended 30 November 2016. The amounts shown above are for comparative purpose only.

7 Property, plant and equipment

	Visual display equipment	Furniture and other equipment	Motor vehicles	Leasehold improvements	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
At cost:					
At 1 June 2014	62,592,369	755,383	559,887	326,000	64,233,639
Additions	11,214,204	134,178	—	513,500	11,861,882
Exchange difference	6,300	—	—	—	6,300
At 31 May 2015	73,812,873	889,561	559,887	839,500	76,101,821
Additions	10,019,557	132,468	623,360	300,750	11,076,135
Disposals	—	—	(228,000)	—	(228,000)
Write-off	(85,000)	—	—	—	(85,000)
Exchange difference	(133,987)	(822)	—	(4,521)	(139,330)
At 31 May 2016	83,613,443	1,021,207	955,247	1,135,729	86,725,626
Additions	32,267,914	37,911	—	—	32,305,825
Exchange difference	(69,765)	(428)	—	(2,355)	(72,548)
At 30 November 2016	<u>115,811,592</u>	<u>1,058,690</u>	<u>955,247</u>	<u>1,133,374</u>	<u>118,958,903</u>
At 1 June 2015	73,812,873	889,561	559,887	839,500	76,101,821
Additions	7,753,141	132,468	623,360	232,000	8,740,969
Disposals	—	—	(228,000)	—	(228,000)
Exchange difference	(44,750)	(500)	—	—	(45,250)
At 30 November 2015 (Unaudited)	<u>81,521,264</u>	<u>1,021,529</u>	<u>955,247</u>	<u>1,071,500</u>	<u>84,569,540</u>
Accumulated depreciation and impairment:					
At 1 June 2014	32,731,927	493,516	229,300	151,083	33,605,826
Charge for the year	5,522,871	169,689	132,496	241,312	6,066,368
Exchange difference	210	—	—	—	210
At 31 May 2015	38,255,008	663,205	361,796	392,395	39,672,404
Charge for the year	6,766,951	159,610	247,820	389,237	7,563,618
Disposals	—	—	(228,000)	—	(228,000)
Write-off	(38,073)	—	—	—	(38,073)
Exchange difference	(27,092)	(152)	—	(596)	(27,840)
At 31 May 2016	44,956,794	822,663	381,616	781,036	46,942,109
Charge for the period	4,479,087	46,242	158,541	196,173	4,880,043
Exchange difference	(14,106)	(79)	—	(311)	(14,496)
At 30 November 2016	<u>49,421,775</u>	<u>868,826</u>	<u>540,157</u>	<u>976,898</u>	<u>51,807,656</u>
At 1 June 2015	38,255,008	663,205	361,796	392,395	39,672,404
Charge for the period	3,290,996	76,228	89,279	193,792	3,650,295
Disposals	—	—	(228,000)	—	(228,000)
Exchange difference	(11,690)	—	—	—	(11,690)
At 30 November 2015 (Unaudited)	<u>41,534,314</u>	<u>739,433</u>	<u>223,075</u>	<u>586,187</u>	<u>43,083,009</u>
Net book value:					
At 31 May 2015	<u>35,557,865</u>	<u>226,356</u>	<u>198,091</u>	<u>447,105</u>	<u>36,429,417</u>
At 31 May 2016	<u>38,656,649</u>	<u>198,544</u>	<u>573,631</u>	<u>354,693</u>	<u>39,783,517</u>
At 30 November 2016	<u>66,389,817</u>	<u>189,864</u>	<u>415,090</u>	<u>156,476</u>	<u>67,151,247</u>
At 30 November 2015 (Unaudited)	<u>39,986,950</u>	<u>282,096</u>	<u>732,172</u>	<u>485,313</u>	<u>41,486,531</u>

The carrying amounts of motor vehicles held under hire purchase contracts at 31 May 2015 and 2016 and 30 November 2016 were HK\$198,091, HK\$573,631 and HK\$415,090, respectively.

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	HK\$	HK\$	HK\$	HK\$
			(Unaudited)	
Cost of services	5,522,871	6,766,951	3,290,996	4,479,087
Administrative expenses	543,497	796,667	359,299	400,956
Depreciation charge for the year/period . .	<u>6,066,368</u>	<u>7,563,618</u>	<u>3,650,295</u>	<u>4,880,043</u>

8 Investment in an insurance contract

	Year ended 31 May		Six months ended 30 November
	2015	2016	2016
	HK\$	HK\$	HK\$
At beginning of the year/period	1,799,201	1,866,021	—
Gain on investment in an insurance contract (Note 20) .	66,820	46,195	—
	1,866,021	1,912,216	—
Surrender of the insurance contract	—	(1,912,216)	—
At end of the year/period	<u>1,866,021</u>	<u>—</u>	<u>—</u>

Investment in insurance contract represented key management life insurance policy (the “Insurance Policy”). The Group was the beneficiary of the Insurance Policy. The insurance policy was pledged to the bank as securities for certain facilities granted to the Group. Changes in values of the investment in insurance contract were recorded in “other gains, net” in the statement of comprehensive income.

This contract was already surrendered by the Group in January 2016.

9 Trade and other receivables, prepayments and deposits

Group

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
Trade receivables	3,650,580	6,712,321	5,614,143
Advance to a minority shareholder of a subsidiary	764,534	—	—
Deposits for purchase of equipment	3,040,000	778,045	—
Other receivables and prepayments	<u>1,387,124</u>	<u>879,800</u>	<u>1,111,641</u>
	8,842,238	8,370,166	6,725,784
Less: non-current portion	—	(778,045)	—
Current portion	<u>8,842,238</u>	<u>7,592,121</u>	<u>6,725,784</u>

Company

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
Prepayments for professional service fee in respect of listing preparation.	—	—	453,682

Other receivables and prepayments mainly include rental and utilities deposits, prepayments for professional service fee and advances to staff.

The advance to a minority shareholder of a subsidiary was unsecured, interest-free and repayable on demand.

The maximum exposure to credit risk at the period end date is the carrying amount of each class of receivables and deposits mentioned above. The Group does not hold any collateral as security.

The Group's trade receivables are settled by cash on delivery or credit period of around 30 to 90 days after provision of services. As at 31 May 2015 and 2016 and 30 November 2016, an ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
0 - 30 days	1,558,180	3,385,746	2,369,143
31 - 60 days	843,000	1,219,983	595,000
61 - 90 days	595,000	265,000	670,000
Over 90 days	654,400	1,841,592	1,980,000
	<u>3,650,580</u>	<u>6,712,321</u>	<u>5,614,143</u>

As at 31 May 2015 and 2016 and 30 November 2016, trade receivables of HK\$654,000, HK\$1,841,592 and HK\$1,980,000, respectively, were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default.

The credit quality of trade and other receivables and deposits that are neither past due nor impaired has been assessed by reference to historical information about counterparty default rates. The existing counterparties do not have significant defaults in the past.

The carrying amounts of trade and other receivables approximate their fair values due to their short maturities.

The carrying amounts of the Group's trade and other receivables, prepayments and deposits are denominated in the following currencies:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
RMB	2,250,040	969,048	400,891
HK\$	3,552,198	7,250,183	6,324,893
US\$	3,040,000	150,935	—
	<u>8,842,238</u>	<u>8,370,166</u>	<u>6,725,784</u>

10 Cash and cash equivalents

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
Cash at banks and on hand	<u>1,547,163</u>	<u>2,585,355</u>	<u>15,259,028</u>
Maximum exposure to credit risk	<u>1,547,163</u>	<u>2,578,248</u>	<u>15,259,028</u>

Cash at banks earns interest income of floating rates based on daily bank deposit rates.

Cash and cash equivalents include the following for the purpose of the consolidated statements of cash flows:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
Cash and bank balances	1,547,163	2,585,355	15,259,028
Bank overdrafts	(540,389)	—	(5,617)
Cash and cash equivalents	<u>1,006,774</u>	<u>2,585,355</u>	<u>15,253,411</u>

Cash and cash equivalents are substantially denominated in HK\$.

11 Bank borrowings

As at 31 May 2015 and 2016 and 30 November 2016, bank borrowings are repayable as follows:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
Bank loans, secured (Note 29):			
Balances repayable within one year classified as current liabilities	4,974,387	5,460,547	7,040,186
Balances repayable after one year, with clause of repayable on demand classified as current liabilities. .	10,598,041	9,761,765	15,463,412
	<u>15,572,428</u>	<u>15,222,312</u>	<u>22,503,598</u>

The above bank loans bear interest ranging from 4.2% to 6.5% per annum for the year ended 31 May 2015, 4.0% to 7.7% per annum for the year ended 31 May 2016 and 4.0% to 7.3% per annum for the six months ended 30 November 2016.

As at 31 May 2015 and 2016 and 30 November 2016, the carrying amounts of the Group's borrowings with fixed interest rate approximate their fair values.

As at 31 May 2015 and 2016 and 30 November 2016, the Group's bank borrowings were repayable (based on the scheduled repayment dates as set out in the loan agreements and ignored the effect of any repayment on demand clause) as follows:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
Within 1 year.	4,974,387	5,460,547	7,040,186
Between 1 and 2 years.	4,488,079	4,769,302	5,716,607
Between 2 and 5 years.	6,109,962	4,992,463	9,746,805
	<u>15,572,428</u>	<u>15,222,312</u>	<u>22,503,598</u>

The bank borrowings are denominated in HK\$.

12 Obligations under finance leases

The future minimum lease payments, after taking into account of the clause of repayable on demand, are as follows:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
Gross finance lease liabilities			
No later than one year	315,435	348,690	310,980
Later than one year and no later than five years	—	461,250	393,750
	315,435	809,940	704,730
Future finance charges on finance leases	(41,555)	(94,137)	(81,716)
Present value of finance lease liabilities	<u>273,880</u>	<u>715,803</u>	<u>623,014</u>

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
The present value of finance lease liabilities are as follows:			
No later than 1 year	273,880	305,803	273,014
Later than 1 year and no later than 5 years	—	410,000	350,000
	<u>273,880</u>	<u>715,803</u>	<u>623,014</u>

These obligations under finance leases are secured by the Group's motor vehicles. The average lease term are 4.5 years, 5 years and 4.5 years for the years ended 31 May 2015 and 2016 and for the six months ended 30 November 2016, respectively. Interest rates are fixed at the contract dates. All leases are on a fixed repayment basis with no contingent rental payments.

Obligations under finance leases are denominated in HK\$.

13 Shareholder's loan

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
Loan from a shareholder	<u>—</u>	<u>—</u>	<u>13,886,256</u>

On 30 November 2016, the Group issued a promissory note to its shareholder with principal amount of HK\$14,650,000. The loan is unsecured, interest-free and the shareholder has confirmed that it will not demand for repayment within one year from the date of issuance of the promissory note. On the date of issuance, the Group credited a balance of HK\$763,744 to capital reserve which represented the difference between the fair value of the shareholder's loan and the amount received. Please also refer to Note 34 for the changes in shareholder's loan subsequent to 30 November 2016.

14 Other payables and accrued liabilities

Group

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
Payables for equipment	9,734,904	6,286,744	19,861,601
Receipts in advance	3,000,000	—	2,716,033
Payables for professional service fees	—	—	4,439,109
Other accruals and payables	3,206,767	3,963,416	3,766,013
	15,941,671	10,250,160	30,782,756
Less: non-current portion	—	—	(10,521,050)
Current portion	15,941,671	10,250,160	20,261,706

Company

	As at 30 November 2016
	HK\$
Payables for professional service fees	4,439,109
Other accruals	13,000
	4,452,109

During the six months ended 30 November 2016, the Group acquired certain visual display equipment amounted to US\$3,000,000 (equivalent to HK\$23,310,000). The Group has settled a balance of US\$900,000 (equivalent to HK\$6,991,688) during the six months ended 30 November 2016 and the remaining balance of US\$2,100,000 (equivalent to HK\$16,318,312) will be repayable in 38 instalments until year 2020. The carrying amount of this payable approximates its fair value.

As at 31 May 2015 and 2016 and 30 November 2016, the Group's ageing analysis of the payables for equipment based on invoice date is as follows:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
0 - 30 days	1,519,000	—	6,000
31 - 60 days	400,000	—	15,016,457
61 - 90 days	—	—	32,260
Over 90 days	7,815,904	6,286,744	4,806,884
	9,734,904	6,286,744	19,861,601

The carrying amounts of the Group's payables for equipment are denominated in the following currencies:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
RMB	8,264,939	5,979,408	4,651,840
HK\$	8,034	8,034	87,280
US\$	1,461,931	299,302	15,122,481
	<u>9,734,904</u>	<u>6,286,744</u>	<u>19,861,601</u>

The carrying amounts of all short-term payables and accrued liabilities approximate their fair values due to their short maturities.

15 Balances with related parties

Group

	Maximum amount outstanding during the year ended 31 May 2015	Maximum amount outstanding during the year ended 31 May 2016	Maximum amount outstanding during six months ended 30 November 2016	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Amount due from a director. . .	<u>5,345,376</u>	<u>8,263,499</u>	<u>8,838,919</u>	<u>5,345,376</u>	<u>5,680,215</u>	<u>8,742,379</u>
Amount due to a director. . .				<u>(509,478)</u>	<u>(1,115,397)</u>	<u>(1,150,246)</u>

Company

	As at 30 November 2016
	HK\$
Amount due to a director	<u>(55,000)</u>
Amount due to a subsidiary	<u>(4,187,635)</u>

Balances with a director, Mr. Yeung, are unsecured, interest-free, repayable on demand and denominated in HK\$. These balances will be settled before the Listing.

The amount due from a director is non-trade in nature.

The amount due to a subsidiary is unsecured, interest-free, repayable on demand and denominated in HK\$.

16 Share capital

	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$</i>
<i>Authorised:</i>		
Ordinary shares of HK\$0.01 each on the date of incorporation and as at 30 November 2016	30,000,000	300,000
<i>Issued and fully paid:</i>		
Ordinary share of HK\$0.01 on the date of incorporation and as at 30 November 2016	1	0.01

The Company was incorporated in the Cayman Islands on 4 November 2016 as a limited liability company with an authorised share capital of 30,000,000 ordinary shares of HK\$0.01 each. On the same date, one ordinary share of HK\$0.01 was issued at par to Next Vision.

17 Combined capital and reserves

(a) *Capital reserve - Group*

The Company was incorporated on 4 November 2016 and the Reorganisation was completed on 24 November 2016. For the purpose of the Financial Information, the capital reserve as at 31 May 2015 and 2016 primarily represented the aggregate amount of share capital of the companies now comprising the Group after elimination of the inter-company investment costs.

The movement of capital reserve of the Group during the six months ended 30 November 2016 mainly represented the difference between the fair value of the shareholder's loan and the amount received on 30 November 2016 as described in Note 13.

(b) *Movement of reserves — Company*

	Capital reserve	Accumulated loss	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
As at 4 November 2016 (date of incorporation)	—	—	—
Loss for the period	—	(8,241,054)	(8,241,054)
Investment in ITP (BVI) pursuant to the Reorganisation (Note 1.2).	32,709,141	—	32,709,141
As at 30 November 2016	32,709,141	(8,241,054)	24,468,087

18 Deferred taxation

The deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net amounts are as follows:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
Deferred tax liabilities			
- to be settled after more than 12 months	2,013,597	2,195,013	4,234,797
- to be settled within 12 months	688,535	1,195,673	689,704
	<u>2,702,132</u>	<u>3,390,686</u>	<u>4,924,501</u>

The movement on deferred taxation is as follows:

	Year ended 31 May 2015	Year ended 31 May 2016	Six months ended 30 November 2016
	HK\$	HK\$	HK\$
At beginning of the year/period	2,163,091	2,702,132	3,390,686
Charged to profit or loss (Note 25)	539,041	688,554	1,533,815
At end of the year/period	<u>2,702,132</u>	<u>3,390,686</u>	<u>4,924,501</u>

The movements of deferred tax assets and liabilities, prior to offsetting, are as follows:

Deferred tax assets — Tax loss

	Year ended 31 May 2015	Year ended 31 May 2016	Six months ended 30 November 2016
	HK\$	HK\$	HK\$
At beginning of the year/period	—	300,041	—
Credited/(charged) to profit or loss	300,041	(300,041)	1,418,007
At end of the year/period	<u>300,041</u>	<u>—</u>	<u>1,418,007</u>

As at 31 May 2015 and 2016 and 30 November 2016, the Group had unrecognised tax losses of HK\$1,740,743, HK\$3,396,363 and HK\$5,355,351, respectively. These tax losses will expire within five years.

Deferred tax liabilities — Accelerated tax depreciation

	Year ended 31 May		Six months ended 30 November
	2015	2016	2016
	HK\$	HK\$	HK\$
At beginning of the year/period	2,163,091	3,002,173	3,390,686
Charged to profit or loss	839,082	388,513	2,951,822
At end of the year/period	<u>3,002,173</u>	<u>3,390,686</u>	<u>6,342,508</u>

19 Revenue and other income

(i) *Revenue*

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	HK\$	HK\$	HK\$	HK\$
			(unaudited)	
Revenue from visual display solution services	24,235,032	38,678,553	23,096,027	26,437,594
Equipment rental income	<u>2,586,758</u>	<u>2,126,647</u>	<u>142,887</u>	<u>113,000</u>
	<u>26,821,790</u>	<u>40,805,200</u>	<u>23,238,914</u>	<u>26,550,594</u>

(ii) *Other income*

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	HK\$	HK\$	HK\$	HK\$
			(unaudited)	
Handling income	103,792	32,618	7,369	53,329
Others	<u>12,538</u>	<u>20,603</u>	<u>—</u>	<u>—</u>
	<u>116,330</u>	<u>53,221</u>	<u>7,369</u>	<u>53,329</u>

20 Other gains, net

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
			<i>(unaudited)</i>	
Net exchange (losses)/gains	(118,300)	218,516	157,879	276,339
Gain on disposal of property, plant and equipment	—	85,000	85,000	—
Write-off of property, plant and equipment	—	(46,927)	—	—
Gain on investment in an insurance contract	66,820	46,195	31,429	—
Compensation income (Note)	500,000	—	—	—
	<u>448,520</u>	<u>302,784</u>	<u>274,308</u>	<u>276,339</u>

Note: Such amount represents the compensation offered by a then supplier who divulged the application solution formulated by the Group in respect of certain visual display equipment to a competitor without the Group's consent.

21 Finance costs, net

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
			<i>(unaudited)</i>	
Bank interest income	273	523	291	245
Interest on bank borrowings	(820,478)	(1,045,744)	(529,237)	(411,296)
Finance charges on obligations under finance leases	(19,032)	(23,469)	(10,746)	(12,421)
	<u>(839,510)</u>	<u>(1,069,213)</u>	<u>(539,983)</u>	<u>(423,717)</u>
	<u>(839,237)</u>	<u>(1,068,690)</u>	<u>(539,692)</u>	<u>(423,472)</u>

22 Expenses by nature

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	HK\$	HK\$	HK\$	HK\$
			(unaudited)	
Auditor's remuneration	150,000	300,000	150,000	500,000
Consultancy and technician fees.	477,000	173,400	61,900	364,000
Cost of equipment and spare parts	692,758	3,692,517	3,408,551	508,773
Depreciation of property, plant and equipment (Note 7).	6,066,368	7,563,618	3,650,295	4,880,043
Employee benefit expenses (Note 23).	6,344,416	7,977,064	3,656,653	5,015,906
Equipment rental charges	833,281	943,032	719,000	212,114
Freight and logistics expenses	1,903,956	2,220,037	1,133,707	1,514,197
Legal and professional expenses	555,680	196,580	114,475	121,500
Sub-contracting charges	2,956,988	3,152,930	1,558,000	3,325,413
Travelling expenses	868,335	492,235	295,871	309,928
Operating lease rentals in respect of rental premises	1,398,485	1,813,062	945,988	911,602
Professional service fees in respect of listing preparation.	—	—	—	8,133,003
Others	2,667,833	2,985,021	1,518,042	1,681,731
Total cost of services and administrative expenses	<u>24,915,100</u>	<u>31,509,496</u>	<u>17,212,482</u>	<u>27,478,210</u>

23 Employee benefit expenses

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	HK\$	HK\$	HK\$	HK\$
			(unaudited)	
Wages, salaries and allowances, excluding directors' emoluments	4,656,493	6,283,505	2,944,001	3,708,540
Directors' emoluments (Note 24)	1,442,000	1,018,000	509,000	552,450
Pension costs - contributions to defined contribution plans (note).	245,923	675,559	203,652	754,916
	<u>6,344,416</u>	<u>7,977,064</u>	<u>3,656,653</u>	<u>5,015,906</u>

Note:

The Group has arranged for its employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, In Technical Productions Limited (the employer) and its employees make monthly contributions to the scheme generally at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employees are subject to a maximum contribution of HK\$1,500 per month and thereafter contributions are voluntary. The Group has no further obligation for post-retirement benefits beyond the contributions.

As stipulated by rules and regulations in the PRC, the Group contributes to state-administered retirement plans for employees in the PRC. For the PRC, the employees contribute up to 8% of their basic salaries, while the Group contributes approximately

17% to 22% of such salaries. The Group has no further obligations for the actual payment of pensions or post-retirements benefits beyond these contributions. The state-administrated retirement plans are responsible for the entire pension obligations payable to the retired employees.

During the years ended 31 May 2015 and 2016 and six months ended 30 November 2015 and 2016, the amount of the Group's employer contributions to defined contribution plans was HK\$245,923, HK\$675,559, HK\$203,652 and HK\$754,916, respectively. There are no forfeited contributions to defined contribution plans for the years ended 31 May 2015 and 2016 and 30 November 2015 and 2016. As at 31 May 2015 and 2016 and 30 November 2015 and 2016, there are HK\$345,341, HK\$647,551, HK\$406,124 and HK\$742,298 contributions payable to the defined contribution plans respectively.

24 Directors' emoluments and senior management's emoluments

(a) Directors' emoluments

The emoluments of the directors of the Company paid/payable by the Group during the years ended 31 May 2015 and 2016 and the six months ended 30 November 2015 and 2016 are set out below:

Year ended 31 May 2015

Name	Fee	Salaries, other allowances and benefits	Discretionary bonuses	Defined contribution pension costs	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Executive director Mr. Yeung (Chief Executive Officer)	—	1,000,000	424,000	18,000	1,442,000
	—	1,000,000	424,000	18,000	1,442,000

Year ended 31 May 2016

Name	Fee	Salaries, other allowances and benefits	Discretionary bonuses	Defined contribution pension costs	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Executive director Mr. Yeung (Chief Executive Officer)	—	1,000,000	—	18,000	1,018,000
	—	1,000,000	—	18,000	1,018,000

Six months ended 30 November 2016

Name	Fee	Salaries, other allowances and benefits	Discretionary bonuses	Defined contribution pension costs	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Executive directors					
Mr. Yeung (Chief Executive Officer)	—	500,000	—	9,000	509,000
Mr. Tam Chun Yu (Note 1)	—	32,400	—	1,050	33,450
Non-executive director:					
Mr. Law Wang Chak					
Walterry (Note 1).	10,000	—	—	—	10,000
	<u>10,000</u>	<u>532,400</u>	<u>—</u>	<u>10,050</u>	<u>552,450</u>

Six months ended 30 November 2015 (unaudited)

Name	Fee	Salaries, other allowances and benefits	Discretionary bonuses	Defined contribution pension costs	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Executive director					
Mr. Yeung (Chief Executive Officer)	—	500,000	—	9,000	509,000
	<u>—</u>	<u>500,000</u>	<u>—</u>	<u>9,000</u>	<u>509,000</u>

Note 1: Appointed on 10 November 2016.

Other than as disclosed in Note 15, there are no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors as at 31 May 2015 and 2016 and 30 November 2016.

The remuneration shown above represents remuneration received and receivable from the Group by the directors in their capacity as management of the Group during the Relevant Periods. No director waived or agreed to waive any emoluments during the Relevant Periods.

(b) *Five highest paid individuals*

The five individuals whose emoluments were the highest in the Group for each of the years ended 31 May 2015 and 2016 and the six months ended 30 November 2015 and 2016 include 1, 1, 1 and 2 directors. The emoluments payable to the five highest paid individuals during the Relevant Periods are as follows:

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	HK\$	HK\$	HK\$	HK\$
			(unaudited)	
Salaries, other allowances and benefits . .	2,925,350	3,303,994	1,495,500	1,363,000
Pension cost - contributions to defined contribution plans	82,250	86,300	43,894	45,000
	<u>3,007,600</u>	<u>3,390,294</u>	<u>1,539,394</u>	<u>1,408,000</u>

The emoluments fell within the following bands:

	Number of individuals			
	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
			(unaudited)	
Emolument bands				
Nil to HK\$1,000,000	4	4	5	5
HK\$1,000,001 to HK\$1,500,000.	1	1	—	—
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

During the Relevant Periods, no emoluments were paid by the Group to any of the directors or other members of the five highest paid individuals as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

(c) *Key management compensation*

Key management includes directors and other key management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	HK\$	HK\$	HK\$	HK\$
			(unaudited)	
Salaries, other allowances and benefits . .	2,339,539	2,354,728	1,109,470	1,295,139
Pension costs-contributions to defined contribution plans	48,716	67,977	30,094	123,694
	<u>2,388,255</u>	<u>2,422,705</u>	<u>1,139,564</u>	<u>1,418,833</u>

25 Income tax expense

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the years ended 31 May 2015 and 2016 and the six months ended 30 November 2016.

Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The amounts of taxation charged to profit or loss represent:

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
			<i>(unaudited)</i>	
Current income tax:				
Hong Kong profits tax	—	966,405	—	—
Deferred income tax relating to origination and reversal of temporary differences (Note 18)	539,041	688,554	1,099,341	1,533,815
	<u>539,041</u>	<u>1,654,959</u>	<u>1,099,341</u>	<u>1,533,815</u>

The taxation on the profit/(loss) before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
			<i>(unaudited)</i>	
Profit/(loss) before income tax	1,632,303	8,583,019	5,768,417	(1,021,420)
Calculated at a taxation rate of 16.5% . .	269,330	1,416,198	951,789	(168,534)
Effect of different tax rates for different countries	(56,711)	(157,493)	(50,913)	(140,884)
Income not subject to taxation	(11,070)	(53,973)	(36,119)	(29,205)
Expenses not deductible for tax purposes .	170,934	36,322	16,721	1,382,691
Tax losses not recognised	171,745	413,905	217,863	489,747
Others	(5,187)	—	—	—
Taxation charge	<u>539,041</u>	<u>1,654,959</u>	<u>1,099,341</u>	<u>1,533,815</u>

26 Earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the Relevant Periods. In determining the weighted average number of ordinary shares in issue during each of these years/periods, one share of the Company has been treated as if it has been in issue since 1 June 2014.

	Year ended 31 May		Six months ended 30 November	
	2015	2016	2015	2016
	HK\$	HK\$	HK\$	HK\$
			<i>(Unaudited)</i>	
Profit/(loss) attributable to owners of the Company	<u>1,219,220</u>	<u>7,058,939</u>	<u>4,781,446</u>	<u>(2,527,503)</u>
Weighted average number of ordinary shares in issue	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Basic earnings/(loss) per share	<u>1,219,220</u>	<u>7,058,939</u>	<u>4,781,446</u>	<u>(2,527,503)</u>

As there were no diluted potential ordinary shares outstanding during the Relevant Periods, diluted earnings per share is the same as basic earnings/(losses) per share.

The basic and diluted earnings/(losses) per share as presented on the consolidated statements of comprehensive income have not taken into account the proposed capitalisation issue as described in Note 34.

27 Investment in a subsidiary - Company

	As at 30 November 2016
	HK\$
Investment in ITP (BVI)	<u>32,709,149</u>

The details of the subsidiaries of the Company are disclosed in Note 1.2.

28 Non-controlling interests

The total comprehensive income/(loss) for the years ended 31 May 2015 and 2016 and the six months ended 30 November 2015 and 2016 attributable to non-controlling interests includes a loss of HK\$127,588, HK\$116,031, HK\$109,969 and HK\$24,337, respectively, which are attributable to two individual shareholders of Shenzhen Shiji Tiansheng Technology Limited ("SSTTL"). SSTTL mainly incurred operating expenses of approximately HK\$417,608, HK\$444,137, HK\$458,427 and HK\$165,254 for the years ended 31 May 2015 and 2016 and the six months ended 30 November 2015 and 2016, and it did not contribute significant revenue, total assets and total liabilities to the Group.

29 Banking facilities

As at 31 May 2015 and 2016 and 30 November 2016, the Group had total banking facilities of approximately HK\$16,113,000, HK\$15,822,000 and HK\$23,898,000, respectively, of which approximately HK\$16,113,000, HK\$15,222,000 and HK\$22,509,000 have been utilised. The Group's banking facilities were secured by the following:

- (i) Unlimited personal guarantee executed by a director of the Company, Mr. Yeung;
- (ii) The issue of a guarantee relating to the working capital loans by the government of the Hong Kong Special Administrative Region to the extent of HK\$7,000,000 as at 31 May 2015 and 2016 and HK\$6,500,000 as at 30 November 2016;
- (iii) Guarantee given by the Hong Kong Mortgage Corporation Limited under SME Financing Guarantee Scheme amounted to HK\$3,840,000 as at 31 May 2015 and 2016 and 30 November 2016; and
- (iv) Personal property of a director, Mr. Yeung.

Upon Listing, after the partial repayment of the borrowings, all security and guarantees provided by Mr. Yeung, Mr. Chang, UCP Co., Ltd. and Next Vision and their close associates on the Group's remaining borrowings will be released and replaced by corporate guarantees.

30 Commitments

(a) *Capital commitments*

Capital expenditure contracted for at the end of each of the Relevant Periods but not yet incurred is as follows:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
Property, plant and equipment	—	350,511	988,130

(b) Operating lease commitments - Group as lessee

As at 31 May 2015 and 2016 and 30 November 2016, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of office as follows:

	As at 31 May 2015	As at 31 May 2016	As at 30 November 2016
	HK\$	HK\$	HK\$
No later than one year	810,816	1,609,004	1,403,608
Later than one year and no later than five years	868,464	673,494	1,476,460
	<u>1,679,280</u>	<u>2,282,498</u>	<u>2,880,068</u>

31 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, has joint control over the party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The ultimate controlling individual of the companies now comprising the Group is Mr. Yeung throughout the Relevant Periods.

Other than as disclosed in Notes 13, 15, 23, 24 and 29 to this Financial Information, there are no other significant related party transactions made during the years ended 31 May 2015 and 2016 and the six months ended 30 November 2015 and 2016.

32 Financial instruments by categories

Group

	Loans and receivables
	<i>HK\$</i>
Assets as per consolidated statements of financial position	
As at 31 May 2015	
Trade receivables	3,650,580
Deposits and other receivables	2,111,146
Amount due from a director	5,345,376
Cash and bank balances	1,547,163
Total	<u>12,654,265</u>
As at 31 May 2016	
Trade receivables	6,712,321
Deposits and other receivables	725,936
Amount due from a director	5,680,215
Cash and bank balances	2,585,355
Total	<u>15,703,827</u>
As at 30 November 2016	
Trade receivables	5,614,143
Deposits and other receivables	427,001
Amount due from a director	8,742,379
Cash and bank balances	15,259,028
Total	<u>30,042,551</u>

Group

	Other financial liabilities at amortised cost
	<i>HK\$</i>
Liabilities as per consolidated statements of financial position	
As at 31 May 2015	
Bank overdrafts	540,389
Other payables	12,941,671
Amount due to a director	509,478
Bank borrowings	15,572,428
Obligations under finance leases	273,880
Total	<u>29,837,846</u>
As at 31 May 2016	
Bank borrowings	15,222,312
Other payables	10,250,160
Amount due to a director	1,115,397
Obligations under finance leases	715,803
Total	<u>27,303,672</u>
As at 30 November 2016	
Bank overdrafts	5,617
Bank borrowings	22,503,598
Other payables	28,066,723
Amount due to a director	1,150,246
Obligations under finance leases	623,014
Shareholder's loan	13,886,256
Total	<u>66,235,454</u>

Company

	Other financial liabilities at amortised cost
	<i>HK\$</i>
Liabilities as per statement of financial position	
As at 30 November 2016	
Amount due to a subsidiary	4,187,635
Amount due to a director	55,000
Other payables and accruals	4,452,109
Total	<u>8,694,744</u>

33 Contingencies

The Group had no material contingent liabilities outstanding as at 31 May 2015 and 2016 and 30 November 2016.

34 Events after the balance sheet date

Pursuant to the written resolution passed by the then sole shareholder of the Company on 19 May 2017, (i) the authorised share capital of the Company was increased from HK\$300,000 to HK\$30,000,000 by creation of an additional 2,970,000,000 shares; and (ii) in respect of the shareholder's loan in the principal amount of approximately HK\$14.7 million owing by ITP (HK) to Next Vision, the Directors are authorised to and will capitalise an amount of approximately HK\$12.0 million of such shareholder's loan upon Listing. The Directors also confirm that the remaining balance of approximately HK\$2.7 million will be repaid upon Listing.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 November 2016 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 November 2016.

Yours faithfully,

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountant's Report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included in this prospectus for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following statement of our unaudited pro forma adjusted net tangible assets of the Group prepared in accordance with Rule 7.31 of the Listing Rules is set out below to illustrate the effect of the Share Offer and the Capitalisation Issue on the net tangible assets of the Group attributable to the owners of the Company as at 30 November 2016 as if the Share Offer and the Capitalisation Issue had taken place on that date.

The unaudited pro forma statement of adjusted 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 financial position of the Group had the Share Offer and the Capitalisation Issue been completed as at 30 November 2016 or at any future dates.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 November 2016 (Note 1)	Estimated net proceeds from the Hong Kong Public Offering (Note 2)	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company	Unaudited pro forma adjusted net tangible assets per Share (Note 3)
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Based on an Offer Price of HK\$0.30 per Share. .	<u>22,804,516</u>	<u>43,583,773</u>	<u>66,388,289</u>	<u>0.0830</u>

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 November 2016 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at 30 November 2016 of HK\$22,804,516.
- (2) The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK\$0.30 per Share after deduction of the estimated underwriting fees and other related expenses payable by the Company (excluding listing expenses of HK\$8,133,003 which have been charged to our consolidated statement of comprehensive income up to 30 November 2016) and takes no account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate and the Buy-back Mandate.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (3) The unaudited pro forma net tangible assets per Share is determined at after the adjustments referred to in the preceding paragraphs and on the basis that 800,000,000 Shares were in issue assuming that the Share Offer and the Capitalisation Issue have been completed on 30 November 2016 but takes no account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate and the Buy-back Mandate.
- (4) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 November 2016. In particular, the unaudited pro forma adjusted net tangible assets have not been adjusted for the effect of the capitalisation of the shareholder's loan of HK\$11,999,999.98 upon Listing. The unaudited pro forma net tangible assets per Share would have been HK\$0.0980 based on the Offer Price of HK\$0.30 if the capitalisation of the shareholder's loan had been accounted for.

B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the directors of In Technical Productions Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of In Technical Productions Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 30 November 2016, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 31 May 2017, in connection with the proposed public offering and placing of the shares of the Company in Hong Kong (the "Share Offer"). The applicable criteria on the basis of which the directors of the Company have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the proposed Share Offer on the Group's financial position as at 30 November 2016 as if the proposed Share Offer had taken place at 30 November 2016. As part of this process, information about the Group's consolidated financial position at 30 November 2016 has been extracted by the directors of the Company from the Group's financial information as at and for the six months ended 30 November 2016, on which an accountant's report has been published.

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

Directors' Responsibility for the Unaudited Pro Forma Financial 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 "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the 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 those 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 plans and performs 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 Listing Rules and with reference to AG 7 issued by the 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 a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or 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 proposed Share Offer at 30 November 2016 would have been as presented.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 event or 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 company, the event or 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 by the directors of the Company 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 Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 31 May 2017

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 November 2016 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 19 May 2017. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares 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. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

holding (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any 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.

(iii) *Alteration of capital*

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(iv) *Transfer of shares*

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be 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 transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on 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 removed to any branch register nor shall shares on any branch register be removed

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided 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 register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) *Power of the Company to purchase its own shares*

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) *Power of any subsidiary of the Company to own shares in the Company*

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

(vii) *Calls on shares and forfeiture of shares*

The Board may, from time to time, make such calls as it thinks fit 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) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. 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 20% per annum as the Board shall fix from the day appointed for payment 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 money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, 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, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the 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 payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) *Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest 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 shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgement of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resign;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may 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 the 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 also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also 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 so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) *Power to allot and issue shares and warrants*

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the 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). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (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,

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

all unissued shares in the 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 the 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 whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) *Power to dispose of the assets of the Company or any of its subsidiaries*

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) *Borrowing powers*

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

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Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, 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 and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the 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 former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) *Compensation or payments for loss of office*

Payments to any present 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 or statutorily entitled) must be approved by the Company in general meeting.

(vii) *Loans and provision of security for loans to Directors*

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

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(viii) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, 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 the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

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- (cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the 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 proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (ee) 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, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) *Proceedings of the Board*

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. 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 a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(i) *Special and ordinary resolutions*

A special resolution of the 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 by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

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An “ordinary resolution”, by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which 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.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) *Voting rights and right to demand a poll*

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) 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 share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the 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

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person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) *Annual general meetings*

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) *Notices of meetings and business to be conducted*

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the GEM Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the 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 holding not less than 95% of the total voting rights in the Company.

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All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) *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, and continues to be present until the conclusion of the meeting.

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.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the 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 the Company or at a class meeting. A proxy need not be a member of the 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. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

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(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company 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 account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

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(f) Dividends and other methods of distribution

The 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.

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 of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) 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 members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members 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.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

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Whenever the Board or the 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.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

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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 the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution among the members as such are 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 on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or 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 so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the 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 the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 4 November 2016 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also 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

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or 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 arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Cayman Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, 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 of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

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(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

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 member and, for the avoidance of doubt, 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; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, 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. In addition, 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 that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, 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, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has 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 the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member 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.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

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.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect 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 that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from 28 February 2017.

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 the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in 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 member, 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 (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate 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 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act 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.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

APPENDIX III SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member 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 members.

(s) 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, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix V. 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 GROUP**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 4 November 2016 and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 2 December 2016. We have established a place of business in Hong Kong at Unit D2, 5/F, Hoi Bun Industrial Building, 6 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong. Mr. Yeung of Unit D2, 5/F, Hoi Bun Industrial Building, 6 Wing Yip Street, Kwun Tong, Kowloon, Hong Kong, 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 Cayman Companies Law and its constitution comprising the Memorandum of Association and the Articles of Association. A summary of certain provisions of its constitution and relevant aspects of the Cayman Companies Law is set out in Appendix III to this prospectus.

2. Change in share capital

Our authorised share capital as at the date of our incorporation was HK\$300,000 divided into 30,000,000 shares of HK\$0.01 each. On 4 November 2016, one subscriber share was transferred to Next Vision.

On 19 May 2017, our Company increased its authorised share capital from HK\$300,000 divided into 30,000,000 Shares to HK\$30,000,000 divided into 3,000,000,000 Shares with a par value of HK\$0.01 each by the creation of an additional 2,970,000,000 Shares.

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under Share Option Scheme), the issued share capital of our Company will be HK\$8,000,000 divided into 800,000,000 Shares, all fully paid or credited as fully paid and 2,200,000,000 Shares will remain unissued.

Save for the aforesaid and as mentioned in the paragraph headed “3. Resolutions in writing of our then sole Shareholder passed on 19 May 2017” below in this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of our then sole Shareholder passed on 19 May 2017

Pursuant to the written resolutions passed by our then sole Shareholder on 19 May 2017, our then sole Shareholder resolved that:

- (a) the authorised share capital of our Company be increased from HK\$300,000 divided into 30,000,000 Shares of with par value of HK\$0.01 each to HK\$30,000,000 divided into 3,000,000,000 Shares of with par value of HK\$0.01 each by the creation of an additional 2,970,000,000 Shares of HK\$0.01 each ranking pari passu with the existing Shares with immediate effect;
- (b) conditional upon (A) the Listing Division of granting the listing of, and the permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue and Shares to be issued as mentioned in this prospectus, including any additional Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme; and (B) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:
 - (i) the Share Offer be approved and our Directors be authorised to approve the allotment and issue of the Shares, as the case may be, pursuant to the Share Offer on and subject to the terms and conditions thereof as set out in this prospectus and the Application Forms to be published by our Company in accordance with the GEM Listing Rules;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “D. Other information — 1. Share Option Scheme” below in this Appendix, be approved and adopted and our Directors be authorised, 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 granted under the Share Option Scheme and to take all actions as they consider necessary or desirable to implement the Share Option Scheme; and
 - (iii) following the increase in the authorised share capital of our Company as set out above, our Directors be authorised to capitalise an amount of HK\$11,999,999.98 owing by ITP (HK) to Next Vision by applying such sum in paying up in full at par a total of 599,999,999 Shares for allotment and issue to the person whose name appears on the register of shareholders of our Company on the date of those resolutions in proportion as nearly as may be without involving fractions to its then existing shareholding in our Company or in accordance with the direction of such Shareholder and any Director be and was thereby authorised to give effect to such capitalisation and distributions under the Capitalisation Issue and the Shares to be allotted and issued shall rank pari passu in all respects with all the existing Shares in issue pursuant thereto;

- (iv) a general unconditional mandate be given to our Directors to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than pursuant to a rights issue or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or pursuant to the exercise of any option which may be granted under the Share Option Scheme or other similar arrangements or pursuant to a specific authority granted by the Shareholders in general meeting, unissued Shares not exceeding the aggregate of 20% of the number of issued Shares immediately following completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), such mandate to remain in effect 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 of Association or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first;
 - (v) a general unconditional mandate be given to our Directors authorising them to exercise all powers of our Company to buy back on the Stock Exchange or on any other approved 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, such number of Shares as will represent up to 10% of the number of issued Shares immediately following completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme), such mandate to remain in effect 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 of Association or any applicable laws to be held, or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first; and
 - (vi) the general unconditional mandate mentioned in paragraph (iv) above be extended by the addition to the number of issued Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the total number of issued Shares bought back by our Company pursuant to the Buy-back Mandate referred to in paragraph (v) above.
- (c) the amended and restated Memorandum of Association of our Company be and was thereby approved and adopted in substitution for and to the exclusion of the then existing memorandum of association of our Company with immediate effect;

- (d) conditional upon and with effect from the admission and listing of the Shares on the GEM, the amended and restated Articles of Association be and were thereby adopted in substitution for and to the exclusion of the then existing articles of association of our Company with effect from the Listing Date;
- (e) any Director or secretary or the registered office of our Company be authorised and instructed to reprint and to make all necessary filings of the amended and restated Memorandum of Association and the Articles of Association of our Company in the Cayman Islands and Hong Kong when or after they have respectively taken effect;
- (f) (i) the appointment of Mr. Yeung as a Director with effect from 4 November 2016, (ii) the appointment of Mr. Tam Chun Yu as an executive Director with effect from 10 November 2016, (iii) the re-designation of Mr. Yeung as an executive Director with effect from 10 November 2016, (iv) the appointment of Mr. Law Wang Chak Waltery as a non-executive Director with effect from 10 November 2016, and (v) the appointment of each of Mr. Li Kai Sing, Mr. Ma Tsz Chun and Ms. Loh Lai Ping Phillis as an independent non-executive Director with effect from 19 May 2017 be and the same were thereby approved and confirmed and deemed re-elected by those resolutions and our Directors were thereby authorised to fix their remuneration and to do all such matters, things and acts and to execute (under seal, where appropriate) all such documents (including without limitation, the execution of the relevant service contracts and letters of appointment) in connection with and incidental to such appointments.

4. Corporate reorganisation

The companies comprising our Group underwent the Reorganisation in preparation for the Listing. Please see “History, Reorganisation and Corporate Structure” for information relating to the Reorganisation.

5. Changes in share capital of subsidiaries

Our subsidiaries are referred to in the Accountant’s Report in Appendix I to this prospectus. Save for the subsidiaries mentioned in the Accountant’s Report and in the section headed “History, Reorganisation and Corporate Structure”, our Company has no other subsidiaries.

Save for the changes as disclosed in the section headed “History, Reorganisation and Corporate Structure”, there has been no alteration in the share capital of our subsidiaries within two years immediately preceding the date of this prospectus.

6. Buy-backs of our Shares**(a) Provisions of the GEM Listing Rules**

The GEM Listing Rules permit companies whose primary listing is on the GEM to buy back their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed buy-backs of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of our Shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to resolution passed by our then sole Shareholder on 19 May 2017, a general unconditional mandate (the “**Buy-back Mandate**”) was granted to our Directors authorising them to buy back for and on behalf of our Company on the Stock Exchange, or on 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, such number of Shares which represents up to 10% of the total number of Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by an applicable law or the Articles of Association to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(ii) Source of funds

Buy-backs must be funded out of funds legally available for the purpose in accordance with the Articles of Association and the laws of the Cayman Islands. A listed company may not buy back its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange in effect from time to time.

(b) Reasons for buy-backs

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable our Company to buy back Shares in the market. Buy-backs of Shares will only be made when our Directors believe that such buy-backs will benefit our Company and our members. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and its assets and/or its earnings per Share.

(c) Funding of buy-backs

In buying back securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association and the applicable laws of the Cayman Islands.

It is presently proposed that any buy-back of Shares will be made out of the profits of our Company, the share premium amount of our Company or the proceeds of a fresh issue of Shares made for the purpose of the buy-back or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of either or both of the profits of our Company or the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

Our Directors do not propose to exercise the Buy-back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Company.

(d) *Share capital*

Exercise in full of the Buy-back Mandate, on the basis of 800,000,000 Shares in issue immediately after the listing of the Shares (but not taking into account the Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), could accordingly result in up to 80,000,000 Shares being bought back by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles of Association to be held; or
- (iii) the date on which the Buy-back Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first.

(e) *General*

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the GEM Listing Rules), has any present intention to sell any Shares to us or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

No core connected person (as defined in the GEM Listing Rules) of our Company has notified us that he/she/it has a present intention to sell Shares to us, or has undertaken not to do so, if the Buy-back Mandate is exercised.

If as a result of a securities buy-back pursuant to the Buy-back Mandate, a shareholder's proportionate interest in the voting rights of our Company increases, 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, depending on the level of increase of the shareholder's interest, 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 as a result of any such increase. Save for the aforesaid, our Directors are not aware of any other consequences which may arise under the Takeovers Code if the Buy-back Mandate is exercised.

If the Buy-back Mandate is fully exercised immediately following completion of the Share Offer and the Capitalisation Issue (but not taking into account the Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the total number of Shares which will be bought back pursuant to the Buy-back Mandate shall be 80,000,000 Shares (being 10% of the total number of Shares in issue based on the aforesaid assumptions). The percentage shareholding of our Controlling Shareholders will be increased to approximately 83.3% of the total number of Shares in issue immediately following the full exercise of the Buy-back Mandate. Any buy-back of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the GEM Listing Rules requirements regarding the public float under Rule 11.23 of the GEM Listing Rules. However, our Directors have no present intention to exercise the Buy-back Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the GEM Listing Rules.

B. INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by us or any of our subsidiaries within the two years preceding the date of this prospectus and are or may be material to our Group:

- (a) an instrument of transfer and bought and sold notes both dated 24 November 2016 entered into between Mr. Yeung as transferor and ITP (BVI) as transferee regarding the transfer of 7,500 ordinary shares in ITP (HK) from Mr. Yeung to ITP (BVI) at the consideration of HK\$24,531,855.38 which was satisfied by ITP (BVI) allotting and issuing 74 shares with a par value of US\$1.00 each in the share capital of ITP (BVI) to our Company as directed by Mr. Yeung;
- (b) an instrument of transfer and bought and sold notes both dated 24 November 2016 entered into between Mr. Chang as transferor and ITP (BVI) as transferee regarding the transfer of 1,500 ordinary shares in ITP (HK) from Mr. Chang to ITP (BVI) at the consideration of HK\$4,906,371.08 which was satisfied by ITP (BVI) allotting and issuing 15 shares with a par value of US\$1.00 each in the share capital of ITP (BVI) to our Company as directed by Mr. Chang;
- (c) an instrument of transfer and bought and sold notes both dated 24 November 2016 entered into between UCP as transferor and ITP (BVI) as transferee regarding the transfer of 1,000

ordinary shares in ITP (HK) from UCP to ITP (BVI) at the consideration of HK\$3,270,914.05 which was satisfied by ITP (BVI) allotting and issuing 10 shares with a par value of US\$1.00 each in the share capital of ITP (BVI) to our Company as directed by UCP;

- (d) the Deed of Indemnity;
- (e) the Deed of Non-competition; and
- (f) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) *Trademarks*

As at the Latest Practicable Date, our Group was the registered proprietor of the following trademark which, in opinion of our Directors, are material to our business:

Trademark	Registration Number	Class	Name of Registered Proprietor	Place of Registration	Date of Registration	Expiry Date
	303916378	11, 37, 41, 42	ITP (HK)	Hong Kong	29 September 2016	28 September 2026
MAGICFOLD	13528687	9	Shiji Tiansheng Technology	PRC	21 February 2015	20 February 2025

As at the Latest Practicable Date, our Group was the applicant of the following trademarks which, in opinion of our Directors, are material to our business:

Trademark	Application Number	Class	Name of Applicant	Place of Registration	Status
	303916369	11, 37, 41, 42	ITP (HK)	Hong Kong	Examined-First examination report issued

(b) *Domain names*

As at the Latest Practicable Date, our Group was the registrant organisation of the following domain names which, in opinion of our Directors, are material to our business:

Domain name	Name of registrant organisation	Date of Registration	Expiry Date
intechproductions.com	ITP (HK)	19 June 2009	19 June 2017

C. FURTHER INFORMATION ABOUT DIRECTORS, CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) *Disclosure of Interests — interests and short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations*

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), the interests or short positions of our Directors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were 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 entered in the register referred to therein, or which will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by directors to be notified to our Company and the Stock Exchange, once the Shares are listed will be as follows:

(i) *Interests in our Company*

Name of Director	Nature of interest	Number of Shares ^(Note 1)	Approximate percentage of shareholding
Mr. Yeung	Interest of controlled corporations ^(Note 2)	600,000,000(L)	75%

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. Next Vision is beneficially owned by Mr. Yeung as to 75%. By virtue of the SFO, Mr. Yeung is deemed to be interested in our Shares held by Next Vision.

(ii) *Interest in associated corporation of our Company*

Name of Director	Name of associated corporation	Capacity	Number of shares ^(Note 1)	Approximate percentage of shareholding
Mr. Yeung	Next Vision ^(Note 2)	Beneficial owner	7,500(L)	75%

Note:

1. The letter “L” denotes the person’s long position in the Shares.
2. Next Vision will hold 75% of issued Shares immediately following the Share Offer and Capitalisation Issue and is therefore a holding company of the Company.

Save as disclosed above, none of our Directors or chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning 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 or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors once the Shares are listed.

(b) Particulars of service contracts and letters of appointment

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than one month's notice in writing served by either party on the other.

Each of our non-executive and independent non-executive Directors has entered into a letter of appointment with our Company for a term of three years commencing from the Listing Date, which may be terminated by not less than one month's notice in writing served by either party on the other.

(c) Directors' remuneration

Each of our executive Directors is entitled to a director's fee and shall be paid a remuneration on the basis of a twelve-month year. For FY2015, FY2016 and 1H FY2017, the aggregate amount of remuneration including fees, salaries, contributions to pension schemes, housing allowances and other allowances, benefits in kind and discretionary bonuses which were paid by our Group to our Director was approximately HK\$1.4 million, HK\$1.0 million and HK\$0.6 million, respectively. Please see "Appendix I — Accountant's Report — II Notes to the Financial Information — 24. Director's emoluments and senior management's emoluments" for details.

Our independent non-executive Directors have been appointed for a term of three years, subject to the other terms of their respective letters of appointment. We intend to pay a director's fee of HK\$120,000 per annum to each of our independent non-executive Directors, respectively.

Under the arrangement currently in force, the aggregate remuneration (including salaries, contributions to pension scheme, housing allowances and other allowances and benefit in kind) of our Directors for the year ending 31 May 2017 is estimated to be no more than HK\$1.5 million.

2. Substantial Shareholders

So far as our Directors or our chief executive are aware as at the Latest Practicable Date immediately prior to and following the completion of the Share Offer and the Capitalisation Issue (without taking into account any options which may be granted under the Share Option Scheme), the following persons (other than our Directors and chief executive of our Company) are and/or will have interests or short positions in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is was and/or will be, directly or indirectly, interested in 10% or more of issued voting shares of any other member of our Group:

(a) *Interests in our Company*

Name of shareholders	Nature of interest	Immediately prior to the completion of the Share Offer and the Capitalisation Issue		Immediately following the completion of the Share Offer and the Capitalisation Issue	
		Number of Shares ^(Note 1)	Approximate percentage of shareholding	Number of Shares ^(Note 1)	Approximate percentage of shareholding
Next Vision ^(Note 2) . . .	Beneficial owner	1(L)	100%	600,000,000(L)	75%

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. Next Vision is beneficially owned by Mr. Yeung as to 75%. By virtue of the SFO, Mr. Yeung is deemed to be interested in our Shares held by Next Vision.

(b) *Interest in Shiji Tiansheng Technology*

Name of shareholders	Nature of interest	Immediately prior to the completion of the Share Offer and the Capitalisation Issue		Immediately following the completion of the Share Offer and the Capitalisation Issue	
		Number of shares	Approximate percentage of shareholding	Number of shares	Approximate percentage of shareholding
Pan Zeming	Beneficial owner	N/A	15%	N/A	15%
Pei Mingzhong	Beneficial owner	N/A	15%	N/A	15%

3. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted in connection with the issue or sale of any capital of any member of our Group within 24 months preceding the date of this prospectus.

4. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or experts referred to under the paragraph headed “D. Other information — 8. Qualification of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (b) none of our Directors 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 taken as a whole;
- (c) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (d) taking no account of Shares which may be taken up under the Share Offer, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Share Offer and Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or who is, directly or indirectly, interested in 10% or more of the issued voting shares of any member of our Group;
- (e) none of the experts referred to under the heading “D. Other information — 9. Consents of experts” in this Appendix has any shareholding 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; and
- (f) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the GEM Listing Rules) or Shareholders who are interested in more than 5% of the number of issued Shares has any interests in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION**1. Share Option Scheme**

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our then sole Shareholder passed on 19 May 2017.

(a) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 23 of the GEM Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined in paragraph (b) below) made or will make to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimise their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (f) below:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries; and
- (iii) any advisers, consultants, agents, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company and/or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay HK\$1.00 to our Company by way of consideration for the grant.

(c) *Offer and acceptance of grant of options*

The Board shall, subject to and in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, be entitled to but not be bound, offer to grant an option to any Eligible Participant whom the Board may in its absolute discretion select and subject to such conditions as it may think fit.

The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine which states (or, alternatively, documents accompanying the offer document which state), among others:

- (i) the Eligible Participant's name, address and occupation;
- (ii) the date on which an option is offered in writing to an Eligible Participant which must be a date on which the Stock Exchange is open for the business of dealing in securities;
- (iii) the date upon which an offer for an option must be accepted;
- (iv) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);
- (v) the number of Shares in respect of which the option is offered;
- (vi) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the option;
- (vii) the date of the expiry of the option;
- (viii) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c); and
- (ix) other terms and conditions (including, without limitation, any minimum period for which an option must be held before it can be exercised and/or any performance targets which must be achieved before the option can be exercised) relating to the offer of the option which in the opinion of the Board are fair and reasonable but not being inconsistent with the Share Option Scheme and the GEM Listing Rules.

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favour of our Company of HK\$1.00 by way of consideration for the grant of the option, is received by our Company on or before the relevant acceptance date. Such remittance or payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it must be accepted in respect of a board lot for dealing in Shares

on the Stock Exchange or an integral multiple of a board lot and such number is clearly stated in the duplicate offer document constituting acceptance of the option in the manner as set out in this paragraph. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance or payment for the full amount of the exercise price for the Shares in respect of which the notice is given. Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

The exercise of any option shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject to the foregoing sentence, the Board shall at all times set aside for the purposes of the Share Option Scheme, out of the authorised but unissued share capital of our Company, such number of Shares as the Board may from time to time determine to be sufficient to meet subsisting requirements for the exercise of outstanding options.

(d) ***Maximum number of Shares***

Unless further approval has been obtained pursuant to and subject to other provisions of this paragraph, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Share Offer, being 80,000,000 Shares, excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to other provisions of this paragraph and the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the Shares in issue as at the date of the approval by our Shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. In such case, our Company must send a circular to our Shareholders which shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options

to the specified Eligible Participants with an explanation as to how the terms of the options serve such purpose, 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.

Notwithstanding the foregoing and subject to paragraph (r) below, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of our Company must not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or the approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (r) below whether by way of capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(e) ***Maximum number of options to any one individual***

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 schemes of our Company (including exercised, cancelled and outstanding options) to each Eligible Participant in any 12-month period up to and including the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by our Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as 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; and
- (ii) the approval of our Shareholders in general meeting and/or other requirements prescribed under the GEM Listing Rules from time to time with such Eligible Participant and his/her close associates (as defined in the GEM Listing Rules)(or his/her associates if the Eligible Participant is a connected person) abstaining from voting.

The numbers of Shares subject to the options and terms (including the exercise price) of options to be granted to such participant must be fixed before our Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares.

(f) ***Price of Shares***

Subject to any adjustments made as described in paragraph (r) below, the subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine but in any event must be at least the higher of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share,

provided that for the purpose of determining the subscription price of the Shares where the Shares have been listed on the Stock Exchange for less than 5 business days preceding the date of grant of the option to the Eligible Participant, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each business day falling within the period before the listing of the Shares on the Stock Exchange.

(g) *Granting options to connected persons*

Any grant of options to a Director, chief executive or substantial Shareholder (as defined in the GEM Listing Rules) of our Company or any of their respective associates (as defined in the GEM Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options in question). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates (as defined in the GEM Listing Rules) which will result in the number of 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% or such other percentage as may be from time to time provided under the GEM Listing Rules of the Shares in issue on the date of grant; and
- (ii) having an aggregate value in excess of HK\$5 million or such other sum as may be from time to time provided under the GEM Listing Rules, based on the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of each grant.

Such further grant of options shall be subject to, in addition to the approval of the independent non-executive Directors as mentioned in this paragraph, the issue of a circular by our Company and the approval of our Shareholders in general meeting on a poll convened and held in accordance with the Articles of Association at which the grantee, his/her associates and all core connected persons (as defined in the GEM Listing Rules) of our Company shall abstain from voting in favour, and/or such other requirements prescribed under the GEM Listing Rules from time to time.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (i) the details of the number and terms (including the exercise price and the information required under Rules 23.03(5) to 23.03(10) of the GEM Listing Rules) of the options to be granted to each selected Eligible Participant which must be fixed before our Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;
 - (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
 - (iii) the information required under Rules 23.02(2)(c) and (d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules; and
 - (iv) the information required under Rule 2.28 of the GEM Listing Rules.
- (h) ***Restrictions on the times of grant of options***

For so long as the Shares are listed on the Stock Exchange, our Company shall not grant any options after inside information has come to the knowledge of our Company until it has announced such information pursuant to the requirements of the GEM Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no options shall be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (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, quarter-year period or other interim period (whether or not required under the GEM Listing Rules); and
- (ii) the deadline for our Company to announce its results for any year, half-year, quarter-year period or other interim period (whether or not required under the GEM Listing Rules)

and ending on the date of actual publication of the results announcement, and where an option is granted to a Director:

- (iii) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) ***Rights are personal to grantee***

An option and an offer to grant an option shall be personal to the grantee and shall not be transferrable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt to do so (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

(j) ***Time of exercise of option and duration of the Share Option Scheme***

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

(k) ***Performance target***

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(l) ***Rights on ceasing employment or death***

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries:

- (i) by any reason other than death, ill-health, injury, disability or termination of his/her employment on the grounds specified in paragraph (m) below, the grantee may exercise the option up to the entitlement of the grantee as at the date of cessation (to the extent not already exercised) of being an Eligible Participant within a period of one month (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not; or
- (ii) by reason of death, ill-health, injury, disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination specified in paragraph (m) below has occurred, the grantee or his/her personal representative(s) may exercise the option in full (to the extent not already exercised) within a period of 12 months (or such longer period as the Board may determine) from the date of such cessation of being an Eligible Participant or death.

(m) *Rights on dismissal*

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, has been convicted of any criminal offense involving his/her integrity or honesty or in relation to an employee of our Group or has become insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally or on any other ground as determined by the Board that would warrant the termination of his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Company or its relevant subsidiary, his/her option will lapse and not be exercisable after the date of termination of his/her employment.

(n) *Rights on takeover*

If a general offer is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

(o) *Rights on winding-up*

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or in the case of the death of the grantee, his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance or payment for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid and register the grantee as holder thereof.

(p) *Rights on compromise or arrangement between our Company and its members or creditors*

If a compromise or arrangement between our Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice of such proposal and the existence of this provision to all the grantees of the options on the same day as it despatches to its members or creditors a notice summoning the meeting to consider such a compromise or arrangement and each grantee shall be entitled to exercise all or any of his/her options in whole or in part at any time prior to 12 noon

(Hong Kong time) on the business day immediately prior to the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the relevant court be restored in full but only upon the extent not already exercised as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

(q) ***Ranking of Shares***

No dividends shall be payable in relation to Shares that are the subject of options that have not been exercised. The Shares to be allotted upon the exercise of an option shall not carry voting rights until completion of the registration of the grantee (or any other person nominated by the grantee) as the holder of such Shares. Subject to the aforesaid, Shares to be allotted on the exercise of options shall be subject to all the provisions of the Articles and shall rank *pari passu* in all respects with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue.

(r) ***Effect of alterations to capital***

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, open offer, sub-division, consolidation of shares or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to be in their/his/her opinion fair and reasonable on the basis that a grantee shall have the same proportion of the issued share capital of our Company as that for which any grantee of an option is entitled to subscribe had he exercised all options held by him/her before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same as (but shall not be greater than) it was before such event, and that no such alteration shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

In respect of any adjustments required by this paragraph, other than any made on a capitalisation issue, the auditors of our Company or the approved independent financial adviser, as the case may be, shall confirm to the Board in writing that the adjustments satisfy the requirements set out in Rule 23.03(13) of the GEM Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes and/or such other requirement prescribed under the GEM Listing Rules and the note thereto and any future guidance and interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time. The capacity of the auditors of our Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in absence of manifest error, be final and conclusive and binding on our Company and the grantees.

(s) *Expiry of option*

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the date of expiry of the option as may be determined by the Board;
- (ii) the expiry of any of the periods referred to in paragraphs (l), (m), (n), (o) or (p);
- (iii) the date on which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his/her relationship with our Company and/or any of its subsidiaries on any one or more of the grounds stated in paragraph (m) above. A resolution of the Board or board of directors of the relevant subsidiary to the effect that the relationship of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

(t) *Alteration of the Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (i) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 23.03 of the GEM Listing Rules; and
- (ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted,

shall first be approved by our Shareholders in general meeting at which any persons to whom or for whose benefit the Shares may be issued under the Share Option Scheme and their respective associates shall abstain from voting provided that the amended terms of the Share Option Scheme or the options shall still comply with Chapter 23 of the GEM Listing Rules and if the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration or to reduce the proportion of the equity capital to which any person who entitled pursuant to such option prior to such alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme.

(u) ***Cancellation of options***

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any option is cancelled pursuant to paragraph (l).

(v) ***Termination of the Share Option Scheme***

Our Company may by resolution in general meeting or the Board at any time terminate the Share Option Scheme before the end of the period commencing on the Listing Date and ending on the tenth anniversary of the Listing Date (both dates inclusive) and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) ***Administration of the Board***

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) ***Condition of the Share Option Scheme***

The Share Option Scheme is conditional on:

- (i) the passing of the necessary resolutions by the Shareholder(s) to approve and adopt the rules of the Share Option Scheme;
- (ii) the Listing Division granting the approval for the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;

(iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and

(iv) the commencement of dealings in the Shares on the Stock Exchange.

If any of the conditions in paragraph (x) above is not satisfied within six calendar months from 19 May 2017, being the date on which the Share Option Scheme was conditionally adopted by an ordinary resolution of our then sole Shareholder:

(i) the Share Option Scheme shall forthwith determine;

(ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and

(iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted under the Share Option Scheme.

(y) ***Disclosure in annual and interim reports***

The Board shall procure that details of the Share Option Scheme and other schemes of our Company and its subsidiaries are disclosed in the annual reports and interim reports in accordance with the GEM Listing Rules in force from time to time.

(z) ***Present status of the Share Option Scheme***

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Division for the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 80,000,000 Shares in total.

2. Tax and other indemnities

Our Controlling Shareholders 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 contract referred to in the paragraph headed “B. Information about our Business — 1. Summary of material contracts” in this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any property claim to which any member of our Group may be subject and payable on or before the date when the Share Offer becomes unconditional.

3. Litigation

As at the Latest Practicable Date, save as disclosed in this prospectus, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

4. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Division for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules.

The Sole Sponsor's fees are HK\$4.0 million and are payable by our Company.

5. Preliminary expenses

The preliminary expenses incurred and paid by our Company were approximately US\$4,300.

6. Promoter

Our Company has no promoter for the purposes of the GEM Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Share Offer and the related transactions described in this prospectus.

7. Taxation of holders of Shares**(a) *Hong Kong***

The sale, purchase and transfer of Shares registered with our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration of, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. Our Directors have been advised that no material liability for estate duty under the laws of Hong Kong would be likely to fall upon any member of our Group.

(b) *Cayman Islands*

Under the present Cayman Islands law, there is no stamp duty payable in the Cayman Islands on transfers of Shares.

(c) *Consultation with professional advisers*

Intending holders of the Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercise of any rights attaching to them.

8. Qualification of experts

The following are the qualifications of the experts who have given their opinion or advice which are contained in, or referred to in this prospectus:

Name	Qualifications
Shenwan Hongyuan Capital (H.K.) Limited	a licensed corporation under the SFO to engage in Type 1 (dealing in securities), Type 4 (advising on securities) and type 6 (advising on corporate finance) of regulated activities (as defined under the SFO)
PricewaterhouseCoopers	Certified Public Accountants
Tian Yuan Law Firm	PRC legal advisers
Appleby	Legal advisers as to the Cayman law
Frost & Sullivan International Limited	Industry consultant

9. Consents of experts

Each of the experts named in paragraph 8 of this Appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included in this prospectus in the form and context in which it is respectively included.

10. Interests of experts in our Company

None of the persons named in paragraph 8 of this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of our Group.

11. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Miscellaneous

- (a) Save as disclosed in this prospectus:
 - (i) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
 - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
 - (iii) within the 24 months immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iv) no commission has been paid or is payable (except commission to sub-underwriters, if any) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (b) there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (c) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 November 2016 (being the date to which the latest audited consolidated financial information of our Group were made up);
- (d) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 24 months preceding the date of this prospectus;
- (e) the principal register of members of our Company will be maintained in the Cayman Islands by Eterra Trust (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's Hong Kong Share Registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

- (f) none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and
- (g) our Company has no outstanding convertible debt securities or debentures.

13. 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).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the section headed “Appendix IV — Statutory and General Information — D. Other Information — 9. Consents of experts”; and
- (c) a copy of each of the material contracts referred to in the section headed “Appendix IV — Statutory and General Information — B. Information about our Business — 1. Summary of material contracts”.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Sidley Austin at 39/F, Two International Finance Centre, 8 Finance Street, 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 of Association and Articles of Association;
- (b) the Cayman Companies Law;
- (c) the audited consolidated financial statements of our Group for the years ended 31 May 2015 and 2016 and for the six months ended 30 November 2016;
- (d) the Accountant’s Report of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (e) the report from PricewaterhouseCoopers in respect of the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (f) the legal opinions issued by Tian Yuan Law Firm, our PRC Legal Advisers in respect of certain aspects of our Group and the property interest of our Group;
- (g) the letter of advice from Appleby, our Cayman Islands legal advisers, summarising the constitution of our Company and certain aspects of the Cayman company law referred to in the section headed “Appendix III — Summary of the Constitution of Our Company and the Cayman Islands Company Law”;
- (h) the Frost & Sullivan report;

- (i) the material contracts referred to in the section headed “Appendix IV — Statutory and General Information — B. Information about our Business — 1. Summary of material contracts”;
- (j) the written consents referred to in the section headed “Appendix IV — Statutory and General Information — D. Other Information — 9. Consents of experts”;
- (k) the service contracts and letters of appointment with each of our Directors referred to in the section headed “Appendix IV — Statutory and General Information — C. Further Information about Directors, Chief Executive and Substantial Shareholders — 1. Directors — (b) Particulars of service contracts and letters of appointment”; and
- (l) the rules of the Share Option Scheme referred to in the section headed “Appendix IV — Statutory and General Information — D. Other Information — 1. Share Option Scheme”.



In Technical Productions Holdings Limited