

IBO Technology Company Limited

艾伯科技股份有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 2708



GLOBAL OFFERING

Sole Sponsor



Joint Global Coordinators and Joint Bookrunners



富強證券有限公司
FORTUNE (HK) SECURITIES LIMITED
(中國富強金融集團有限公司成員)
(Member of China Fortune Financial Group Limited)

Joint Lead Managers



富強證券有限公司
FORTUNE (HK) SECURITIES LIMITED
(中國富強金融集團有限公司成員)
(Member of China Fortune Financial Group Limited)

平安證券有限公司
Ping An Securities Limited

IMPORTANT

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



IBO TECHNOLOGY COMPANY LIMITED

艾伯科技股份有限公司

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	100,000,000 Shares (subject to the Over-allotment Option)
Number of International Offer Shares	:	90,000,000 Shares (subject to adjustment and the Over-allotment Option)
Number of Hong Kong Offer Shares	:	10,000,000 Shares (subject to adjustment)
Offer Price	:	Not more than HK\$1.8 per Offer Share and expected to be not less than HK\$1.5 per Offer Share, plus brokerage of 1.0000%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full in Hong Kong dollars and subject to refund)
Nominal Value	:	HK\$0.01 per Share
Stock Code	:	2708

Sole Sponsor



Innovax
Capital

Joint Global Coordinators and Joint Bookrunners



Innovax
Securities



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Innovax
Securities



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Ping An 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 subsection headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above. The Offer Price is expected to be determined by agreement between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date or such other date as may be agreed by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) but in any event no later than Wednesday, 27 December 2017 (Hong Kong time). The Offer Price will be not more than HK\$1.8 per Offer Share and is currently expected to be not less than HK\$1.5 per Offer Share, unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$1.8 for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$1.8 per Offer Share.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, a notice of reduction of the number of Offer Shares and/or the indicative Offer Price range will be announced on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.ibotech.hk. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, in the event that the number of Offer Shares and/or the indicative Offer Price range is so reduced, such applications can subsequently be withdrawn. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before Wednesday, 27 December 2017 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse immediately.

Prior to making an investment decision, prospective investors should consider carefully all the information set out in this prospectus, including risk factors set out in the section headed "Risk Factors" in this prospectus. Pursuant to the Underwriting Agreements, The Joint Global Coordinators (for themselves and on behalf of the Underwriters) have the right in certain circumstances to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of such circumstances are set out in the section headed "Underwriting — Hong Kong Public Offering — Grounds for termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state in the United States, and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws in the U.S. The Offer Shares are being offered and sold only outside of the United States in offshore transactions in reliance on Regulations S of the U.S. Securities Act.

EXPECTED TIMETABLE ^(Note 1)

If there is any change in the following expected timetable of the Global Offering, our Company will issue an announcement in Hong Kong to be published on the website of the Stock Exchange at www.hkexnews.hk and on the website of our Company at www.ibotech.hk.

Hong Kong Public Offering commences and **WHITE** and **YELLOW**

Application Forms available from 9:00 a.m. on Thursday,
14 December 2017

Latest time for completing electronic applications under

White Form eIPO service through
the designated website www.eipo.com.hk ^(Note 2) 11:30 a.m. on Tuesday,
19 December 2017

Application lists of the Hong Kong Public Offering open ^(Note 3) 11:45 a.m. on Tuesday,
19 December 2017

Latest time for lodging **WHITE** and **YELLOW** Application Forms

and to give electronic application instructions to HKSCC ^(Note 4) 12:00 noon on Tuesday,
19 December 2017

Latest time for completing payment of **White Form eIPO** applications

by effecting internet banking transfer(s) or PPS payment transfer(s)..... 12:00 noon on Tuesday,
19 December 2017

Application lists of the Hong Kong Public Offering close ^(Note 3) 12:00 noon on Tuesday,
19 December 2017

Expected Price Determination Date ^(Note 5) Tuesday, 19 December 2017

(1) Announcement of

- the Offer Price;
- the level of indications of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published

(a) in The Standard (in English) and
Hong Kong Economic Times (in Chinese)

(b) on the Stock Exchange's website at www.hkexnews.hk
and on our Company's website at www.ibotech.hk

on or before Wednesday, 27 December 2017

(2) Announcement of results of allocations in the Hong Kong Public Offering

(with successful applicants' identification document numbers, where appropriate)

to be available through a variety of channels as described in the
section headed "How to Apply for Hong Kong Offer Shares —

11. Publication of Results" in this prospectus Wednesday, 27 December 2017

(3) A full announcement of the Hong Kong Public Offering

containing (1) and (2) above to be published on the website of the
Stock Exchange at www.hkexnews.hk and our website

at www.ibotech.hk ^(Note 6) from Wednesday, 27 December 2017

EXPECTED TIMETABLE *(Note 1)*

Results of allocations in the Hong Kong Public Offering will be available at www.iporesults.com.hk with a “search by ID” function from Wednesday, 27 December 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 7 and 9)* Wednesday, 27 December 2017

Despatch/collection of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before *(Notes 8 and 9)* Wednesday, 27 December 2017

Dealings in the Shares on the Stock Exchange to commence at 9:00 a.m. on Thursday, 28 December 2017

Notes:

- (1) All times and dates refer to Hong Kong local times and dates, except as otherwise stated. Details of the structure of the global offering, including its conditions are set out in the section headed “Structure of the Global Offering” in this prospectus.
- (2) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application 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 application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) 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 Tuesday, 19 December 2017, the application lists will not open or close on that day. Please see the section headed “How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening 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 section headed “How to Apply for Hong Kong Offer Shares — 6. Applying by Giving **Electronic Application Instructions** to HKSCC *via* CCASS” in this prospectus for details.
- (5) The Price Determination Date is expected to be on or around Tuesday, 19 December 2017 and, in any event, not later than Wednesday, 27 December 2017 (Hong Kong time). If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) by Wednesday, 27 December 2017, the Global Offering will not proceed.
- (6) None of the website or any of the information contained on the website forms part of this prospectus.
- (7) Share certificates will only become valid certificates of title at 8:00 a.m. on Thursday, 28 December 2017 provided that the Global Offering has become unconditional in all respects and the Underwriting Agreements have not been terminated in accordance with its terms. Investors who trade Shares prior to the receipt of the Share certificates or the Share certificates becoming valid do so at their own risk.
- (8) e-Refund payment instructions or refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Banks may require verification of an

EXPECTED TIMETABLE *(Note 1)*

applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate the refund cheque.

- (9) Applicants who have applied on **WHITE** Application Forms or through the **White Form eIPO** service for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates in person from our Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 27 December 2017 or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who are eligible and opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who are eligible and opt for personal collection must attend through their authorised representatives bearing letters of authorisation from their corporations stamped with the corporations' chop. Identification documents and (where applicable) authorisation documents acceptable to our Hong Kong Share Registrar must be produced at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares may collect their refund cheques, if any, in person but may not elect to collect their Share certificates, which will be deposited into CCASS for credit to their designated CCASS Participant's stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Forms applicants are the same as those for **WHITE** Application Forms applicants.

Applicants who have applied for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies — Personal Collection — (iv) If you apply *via* electronic application instructions to HKSCC" in this prospectus for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) despatched to that bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

Applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund cheques will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications. Further information is set out in the subsections headed "13. Refund of Application Monies" and "14. Despatch/Collection of Share Certificates and Refund Monies" under the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

The above expected timetable is a summary only. You should refer to the sections headed "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" in this prospectus for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of and does not constitute an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or 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 to make your investment decision. We have not authorised anyone to provide prospective investors with information that is different from what is contained in this prospectus. Any information or representation not contained in this prospectus must not be relied on by prospective investors as having been authorised by our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective directors, officers, employees, agents or representatives, or any other person or party involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety, and should be read in conjunction with the full text of this prospectus. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. Information contained in our website, located at www.ibotech.hk does not form part of this prospectus.

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. Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary of technical terms” of this prospectus.

OVERVIEW

We are a National High and New Technology Enterprise (國家高新技術企業) that focuses on providing comprehensive IoT intelligent terminal product application and solutions services in the PRC. IoT refers to a network that enables intelligent identification, positioning, tracking, monitoring and management of targeted objects by way of exchange of information and communication between such targets and internet *via* intelligent terminal products. For further details regarding the qualification requirements of accreditation as a National High and New Technology Enterprise, please refer to the section headed “Regulatory Overview — Laws and regulations in relation to National High and New Technology Enterprise accreditation” in this prospectus. According to the F&S Report, there were a total of approximately 100,000 enterprises accredited as a National High and New Technology Enterprise in the PRC as at 31 December 2016.

We offer tailor-made products, applications and solutions, including (i) provision of comprehensive and tailor-made solutions applying IoT and related technologies; (ii) development, production and sales of independently designed IoT intelligent terminal products; (iii) provision of customised software development services; and (iv) provision of information systems software and hardware maintenance services, with a special emphasis in the area of city public safety management within the “Smart City” market in the PRC to cater for our customers’ needs and requirements such as safety production supervision, hazards supervision and other specific items such as asset management, vehicle management and personnel management. According to the F&S Report, we were ranked as one of the top 5 active RFID device providers in the PRC in terms of sales revenue for the year between 1 April 2016 and 31 March 2017.

SUMMARY

OUR PRINCIPAL BUSINESSES

We are primarily engaged in the provision of IoT intelligent terminal product application and solutions services in the PRC and our business can be categorised into four operating segments, namely system integration, intelligent terminal products sales, software development and system maintenance services. The following table sets forth our revenue by operating segments for the three years ended 31 March 2017 and the four months ended 31 July 2016 and 2017:

	2015		Year ended 31 March				Four months ended 31 July			
	RMB'000	%	2016		2017		2016		2017	
			RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
System integration	5,391	18.5	9,058	15.9	41,538	40.0	1,175	7.3	48,697	85.5
Intelligent terminal products sales	4,436	15.2	30,185	53.0	34,301	33.0	6,234	39.0	5,535	9.7
Software development	10,461	35.9	9,790	17.2	21,511	20.7	6,265	39.2	568	1.0
System maintenance services	8,844	30.4	7,901	13.9	6,543	6.3	2,320	14.5	2,144	3.8
Total	29,132	100.0	56,934	100.0	103,893	100.0	15,994	100.0	56,944	100.0

The business models of each of our four operating segments are described below:

Our system integration operations

We provide comprehensive and tailor-made solutions applying IoT and related technologies based on our analysis and assessment on our customers' needs, to satisfy our customers' business operational and management requirements. We provide project coordination, management and system installation services covering overall system planning, development and design, procurement of system equipment, integration of software and hardware devices forming the system, system implementation, trial operation and system management and maintenance. We provide these services to achieve the functionality requirements of each system and verify its performance through integrated testing.

Our representative projects include an intelligent traffic control system, which we are responsible for constructing and maintaining the integrated traffic monitoring system, to achieve functions such as video monitoring of traffic data, management of digitalised traffic lights and traffic signal system and digitalised directing of police force in cases of traffic accidents and emergency. For further details on our representative system integration projects, please refer to pages 150 to 151 of this prospectus.

Our intelligent terminal products sales operations

We develop, produce and sell customisable IoT intelligent terminal products to our customers. Our intelligent terminal products deploy a wide range of technologies, including RFID technology, sensory technology, embedded technology and wireless communication technology. During the Track Record Period, we specialised in the design and development of active RFID tags, RFID sensory devices, RFID reading devices and RFID mobile reading terminal devices, etc.

SUMMARY

Our representative intelligent terminal products include our hand-held explosion-proof mobile RFID smart reading integrator, which can read RFID tags and transmit the relevant data to the system and is suitable for explosive and hazardous areas.

For further details on our major intelligent terminal products, please refer to pages 153 to 156 of this prospectus.

Our software development operations

We provide customised software application development services for our customers. According to our customers' business and management requirements, we plan and design the software system framework and function list for them. We program the source code of the relevant software once the customer has given its approval. Upon completion and internal testing, the software is delivered to our customers for their trial, checking and acceptance.

Our representative projects include the development of a cloud computing platform for an energy-saving intelligent sensory system which enables centralised lighting management within a building. For further details on our representative software development projects, please refer to pages 156 to 157 of this prospectus.

Our system maintenance services operations

We provide system maintenance services for software and hardware of information systems of which the scope includes the maintenance and management of system devices, database maintenance, daily monitoring of the system and system upgrades.

Our representative engagement is the provision of information system maintenance services to a PRC state-owned petroleum company in relation to its petrol filling IC card system for its gas stations nationwide. For further details on such representative engagement for system maintenance services, please refer to pages 157 to 158 of this prospectus.

Forms of business cooperation

During the Track Record Period, we were mainly engaged by our customers as a contractor under our business model. Moving forward, we plan to explore other alternative modes of business cooperation.

For further details of our plans to explore different forms of business cooperation, please refer to the section headed "Business — Our business strategies and future plans — To explore different forms of business cooperation" in this prospectus.

Pricing policy

Our pricing for system integration, intelligent terminal products sales and software development is determined on a project basis having regard to various factors including (i) the scope of works we are responsible for; (ii) the scale, complexity and particular technical requirements of the project; (iii) the estimated project cost (including raw materials, third-party and labour costs); (iv) the expected profit margin; (v) the estimated execution period length of the

SUMMARY

project; (vi) the prevailing market conditions; and (vii) any special terms or requirements. For our system maintenance services, our pricing is determined with reference to the complexity of the project, the human resources required and the estimated amount of time to be expended in the provision of the relevant services. For further details, please refer to the section headed “Business — Our customers — Pricing policy” in this prospectus.

Government grants

Certified as a software enterprise, we are entitled to be refunded unconditionally, after subscribing 17% VAT on the income derived from the sales of self-developed software products, an amount in excess of 3% VAT on such income pursuant to relevant laws and regulations in the PRC. Software products qualified for this government grant include self-developed computer software products, information systems and embedded software products. Also, we received an one-off government grant of approximately RMB0.3 million as support towards our research projects in the Regions of Advanced Technologies Strongly Supported by the State (國家重點支持的高新技術領域) for the year ended 31 March 2017. For further details of the government grants received by our Group during the Track Record Period, please refer to the sections headed “Regulatory Overview — Laws and regulations on tax matters” and “Financial information — Discussion and analysis of principal components of results of operations — Other income” respectively in this prospectus.

OUR CUSTOMERS

Our customers mainly come from both private and public sectors in the PRC, such as governmental authorities, state-owned enterprises and other private enterprises in the PRC. Our business relationships with our five largest customers during the Track Record Period ranged from 0.5 to 15 years. For the three years ended 31 March 2017 and the four months ended 31 July 2017, the revenue from our five largest customers of the corresponding period accounted for approximately 73.5%, 75.3%, 86.0% and 90.1% respectively of the total revenue of our Group, whilst the single largest customer of the respective periods accounted for approximately 22.1%, 42.7%, 40.0% and 36.3% respectively of the total revenue of our Group for the same period. Save for two of our top five customers for the three years ended 31 March 2017 and the four months ended 31 July 2017, none of our Directors, their respective associates or any Shareholder (who or which, to the best knowledge of our Directors, owns more than 5% of our issued share capital as at the Latest Practicable Date), has or had any interest in any of our five largest customers for the three years ended 31 March 2017 and the four months ended 31 July 2017. For further details of our customers, please refer to the section headed “Business — Our Customers” in this prospectus.

Benefiting from more than a decade’s experience in the industry, we have grown to be capable of undertaking some large-scaled projects, especially evident from our increasing business cooperation with large-scaled state-owned enterprises and governmental authorities. A large-scaled project will occupy a substantial part of our resources, which will inevitably result in our Group not being able to deploy resources to other projects. Therefore, given the existing size of our Group, if we are engaged for a large-scaled project, it will be easy for the customer of the said project to become our largest customer during the relevant period.

SUMMARY

Given the background in particular that, (i) the nature of our Group's business is project-based with lengthy project execution periods and our Group has taken up a growing number of large-scaled projects and transactions during the Track Record Period; and (ii) our businesses remain sustainable despite the customer concentration as demonstrated by (a) our ability to bring in new customers, (b) our plans to strengthen our businesses relationships with existing customers and increase our recurring income, (c) our active expansion into different sectors of the "Smart City" market and (d) our capability to maintain our revenue growth, our Directors are of the view that we will be able to control the risk of customer concentration and capture growth opportunities in the markets. Accordingly, our Directors are of the view that the customer concentration would not impact our Group's suitability for the Listing.

OUR SUPPLIERS

Our Group's suppliers include raw material suppliers, third-party manufacturers and cooperative partners. Some of the raw materials supplied by the raw material suppliers are required to undergo further processing or assembling. As we do not have mass production facilities, we engage third-party manufacturers to process or assemble hardware. Also, we cooperate with third parties for certain parts of our projects. For the three years ended 31 March 2017 and the four months ended 31 July 2017, purchases and services received from our five largest suppliers accounted for approximately 67.5%, 86.0%, 93.6% and 88.1% of the total purchases during the corresponding period. The purchases from our single largest supplier of the corresponding period accounted for approximately 45.0%, 34.7%, 28.1% and 35.4% of our total purchases for each of the three years ended 31 March 2017 and the four months ended 31 July 2017. None of our Directors, their respective associates or any Shareholder (who or which, to the best knowledge of our Directors, owns more than 5% of our issued share capital as at the Latest Practicable Date), has or had any interest in any of our five largest suppliers for the three years ended 31 March 2017 and the four months ended 31 July 2017. For further details of our suppliers, please refer to the section headed "Business — Our suppliers" in this prospectus.

Despite the aforesaid figures during the Track Record Period suggest supplier concentration, our Directors are of the view that the supplier concentration would not impact our Group's suitability for the Listing due to the fact that (i) the industry landscape and the project-based nature of our business renders it common to procure raw materials from a single supplier, engage a single third-party manufacturer or cooperate with a single partner for the entirety of the project, and (ii) we have numerous approved suppliers on our supplier list and are expanding our supplier base to maintain flexibility in the supplier selection and source from different suppliers.

SALES AND MARKETING

We conduct our marketing activities through a variety of channels, including through our in-house sales and marketing team, participation in tenders, collaboration with widely recognised large-scaled information technology companies, participation in industry exhibitions and online sales through online platforms. For further details, please refer to the section headed "Business — Sales and marketing" in this prospectus.

COMPETITIVE LANDSCAPE

According to the F&S Report, our Group faces competition in various markets relating to the IoT intelligent terminal product application and solutions industry in the PRC. In particular, the PRC "Smart City" market is fragmented and featured with different levels of participants offering various products

SUMMARY

and services including hardware, software, solutions and operation services, whereby key players are usually required to have a high technological level, the ability to take up funding obligations, strong business relationships with different parties, capability for operation and maintenance and experience in project management. With the available resources after the Listing, our Directors plan to leverage on the favourable industry trends, our strong R&D capabilities and extensive experience in IoT technologies, application and solutions to strengthen our market positions.

For details of the competitive landscape of the industry, please refer to the section headed “Industry overview” in this prospectus.

OUR COMPETITIVE STRENGTHS

We believe our success is principally attributed to the following competitive strengths:

- we have strong R&D capabilities and technologies;
- we are dedicated in providing comprehensive, integrated and customisable IoT products and services to cater for different needs and requirements of our customers from different industries;
- we have an experienced and dedicated management team;
- we have a proven track record and a solid established position in the sub-sector of hazards supervision of the city public safety management sector; and
- we maintain high standards of quality control.

OUR BUSINESS STRATEGIES AND FUTURE PLANS

We intend to maintain and further strengthen our position in the industry of provision of IoT intelligent terminal product application and solutions services, and expand our business by implementing the following business strategies:

- to continue to solidify and strengthen our R&D capabilities and improve the quality of our products and services;
- to further sharpen our established position in the sub-sector of hazards supervision of the city public safety management sector and to develop other areas within the city public safety management section;
- to actively expand our businesses through extending the application of our IoT technologies and experience in system integration and system maintenance in different sectors of the “Smart City” market and diversify the application of our technologies;
- to explore different forms of business cooperation;
- to enhance our capability to undertake large-scaled contracts;

SUMMARY

- to sustain and strengthen, business relationships with existing customers to increase recurring income; and
- to identify beneficial strategic investment opportunities.

SUMMARY OF FINANCIAL INFORMATION

The following is a summary of our financial information during the Track Record Period, and should be read in conjunction with the consolidated financial information in the Accountants' Report on Historical Financial Information as set out in Appendix I to this prospectus, together with the accompanying notes, which have been prepared in accordance with HKFRSs. For further details of the financial information of our Group, please refer to the section headed "Financial Information" in this prospectus.

Highlight of combined/consolidated statements of profit or loss and other comprehensive income

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Revenue	29,132	56,934	103,893	15,994	56,944
Gross profit	16,458	34,237	53,580	8,885	19,599
Gross profit margin	56.5%	60.1%	51.6%	55.6%	34.4%
Other income					
— Interest income from bank deposits	660	432	144	3	4
— Interest income from amount due from a director	5,765	5,167	1,035	894	—
— Rental income	513	478	576	121	198
— Government grants	230	1,973	1,928	—	360
— Commission income	1,052	77	32	—	8
Profit before taxation	12,414	31,849	38,280	3,618	6,922
Profit and total comprehensive income for the year/period	9,717	24,876	29,445	2,373	3,994
Net profit margin	33.3%	43.8%	28.3%	15.0%	7.0%

During the Track Record Period, the increasing trend in revenue was contributed by the Intelligent Traffic Control Project (as defined in the section headed "Business — Our principal businesses" in this prospectus) in Xinjiang during the year ended 31 March 2017 and the increase in intelligent terminal products sales during the year ended 31 March 2016. The decrease in gross profit margin for the year ended 31 March 2017 was mainly due to the lower gross profit margin of the Intelligent Traffic Control Project which accounted for approximately 40.0% of our total revenue for the year.

SUMMARY

Our profit and total comprehensive income for the year ended 31 March 2016 increased significantly by approximately 156.7% as a result of the 107.3% increase in gross profit, which was mainly contributed by our intelligent terminal products sales segment during the year ended 31 March 2016. Our profit and total comprehensive income for the year ended 31 March 2017 increased by approximately 18.1% as a result of (i) the increase in revenue contributed by the Intelligent Traffic Control Project in Xinjiang; partially offset by (ii) the decrease in interest income from an amount due from a Director; and (iii) the listing expenses incurred for the preparation of the Listing. The decrease in net profit margin for the year ended 31 March 2017 was mainly due to the decrease in gross profit margin and the listing expenses of approximately RMB7.0 million incurred for the year.

Our profit and total comprehensive income for the four months ended 31 July 2017 increased by approximately 68.3% primarily as a result of the 120.6% increase in gross profit which was mainly contributed by revenue of our system integration segment during the four months ended 31 July 2017 increased by as a result of (i) the increase in gross profit contributed by the Intelligent Traffic Control Project in Xinjiang and the Optical Fibre Networks Project; partially offset by (ii) the decrease in interest income from an amount due from a Director; and (iii) the increase in listing expenses incurred for the preparation of the Listing. The decrease in net profit margin for the four months ended 31 July 2017 was mainly due to the decrease in gross profit margin and the listing expense of approximately RMB8.4 million incurred for the period.

Summary of profit and normalised profit

The table below illustrates our normalised profit during the Track Record Period without taking into account items which are not incurred in the ordinary and usual course of our business and non-recurring items:

	Year ended 31 March			Four months ended 31	
	2015	2016	2017	July	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Profit and total comprehensive income for the year	9,717	24,876	29,445	2,373	3,994
Less:					
Change in fair value of investment properties ^(Note 1)	(3,300)	(3,730)	(1,470)	(270)	(70)
Rental income ^(Note 1)	(513)	(478)	(576)	(121)	(198)
Add:					
Listing expenses	—	—	6,984	1,744	8,398
Normalised profit for the year	5,904	20,668	34,383	3,726	12,124

SUMMARY

Note:

- The impact of Enterprise Income Tax and withholding tax on these items have not been taken into consideration. If such impact is taken into consideration, the amount of these items will be as follows:

	Year ended 31 March			Four months ended	
				31 July	
	2015	2016	2017	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Change in fair value of investment properties	(2,665)	(2,853)	(1,187)	(218)	(57)
Rental income	(414)	(365)	(466)	(98)	(160)

Highlight of combined/consolidated statements of financial position

	As at 31 March			As at
				31 July
	2015	2016	2017	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	164,616	153,602	143,671	166,208
Total current assets	144,635	131,326	120,577	143,319
Trade receivables	8,056	21,624	53,265	84,919
Total current liabilities	115,310	79,378	73,559	92,791
Net current assets	29,325	51,948	47,018	50,528
Total equity	46,773	71,649	65,413	69,407

As at 31 March 2015, 2016, 2017 and 31 July 2017, we recorded net current assets. The increasing trend was primarily due to the combination of (i) an increase in trade and other receivables as a result of our business growth; (ii) an increase in bank balances and cash; and (iii) a decrease in bank borrowings due to settlement of the LC Financing Arrangements in May 2016.

Our trade receivables balance increased significantly during the Track Record Period, the increase in balance as at 31 March 2016 compared with 31 March 2015 was primarily due to the recognition of revenue from (i) the Intelligent Traffic Control Project; and (ii) the highest revenue-generating project in the software development segment, both occurred in first quarter of 2016. The further increase in balance as at 31 March 2017 was due to the continuous recognition of revenue from the Intelligent Traffic Control Project, and the intelligent terminal products sales with Golden Spring in the fourth quarter of 2016. The balance as at 31 July 2017 further increased to RMB98.0 million due to the continuous recognition of revenue from the Intelligent Traffic Control Project and a new system integration project, which were the two largest projects of our Group for the four months ended 31 July 2017.

Included in our Group's trade receivables balances as at 31 March 2015, 2016 and 2017 and 31 July 2017 are debtors with aggregate carrying amounts of approximately RMB1.1 million, RMB5.9 million, RMB1.8 million and RMB26.9 million respectively, which were past due over 180 days of credit period at the end of each reporting period but not impaired. The overdue balances as at 31 July 2017 included mainly trade receivables from the customer of the Intelligent Traffic Control Project that were past due but not impaired. The customer was a state-owned enterprise and its settlement was not

SUMMARY

made on timely basis as the settlements needed to go through a series of approval processes by the government, which was the ultimate user of the project. Having considered (i) the background of the customer and the ultimate user; (ii) the past payment record; and (iii) the relationship with and the understanding of the customer, our Directors consider that no impairment was needed for the outstanding trade receivables balances owed by the customer.

Highlight of combined/consolidated statements of cash flows

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Net cash (used in) from operating activities	(335)	9,117	19,340	(3,127)	10,095
Net cash (used in) from investing activities	(23,254)	30,875	60,771	63,426	13,558
Net cash from (used in) financing activities	<u>23,327</u>	<u>(35,999)</u>	<u>(52,853)</u>	<u>(28,548)</u>	<u>(18,956)</u>
Net (decrease) increase in cash and cash equivalents	(262)	3,993	27,258	31,751	4,697
Cash and cash equivalents at beginning of year/period, represented by bank balances and cash	<u>579</u>	<u>317</u>	<u>4,310</u>	<u>4,310</u>	<u>31,568</u>
Cash and cash equivalents at end of year/period, represented by bank balances and cash	<u><u>317</u></u>	<u><u>4,310</u></u>	<u><u>31,568</u></u>	<u><u>36,061</u></u>	<u><u>36,265</u></u>

For the year ended 31 March 2015, we had net cash used in operating activities of approximately RMB0.3 million instead of net cash generated from operating activities for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017. This was mainly attributable to (i) the operating cash inflows before movements in working capital of approximately RMB9.4 million; net off by (ii) the increase in amounts due from related companies of approximately RMB2.8 million which was mainly driven by the service income from development of customised software for a related company; (iii) the increase in trade and other receivables of approximately RMB5.0 million; and (iv) decrease in deferred income of approximately RMB1.7 million. The increasing trend of our net cash generated from operating activities was primarily contributed by the increase in our profit and total comprehensive income.

Our net cash flow from investing activities improved from a net cash used in investing activities for the year ended 31 March 2015 to a net cash from investing activities for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017. This was mainly due to the net repayment of amount due from a Director.

SUMMARY

Our net cash flow from financing activities declined from a net cash from financing activities for the year ended 31 March 2015 to a net cash used in financing activities for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017. This was mainly due to (i) the settlement of bank borrowings and LC Financing Arrangements; (ii) the repayment to a Director; and (iii) the payment of dividend.

For further details, please refer to the section headed “Financial information — Liquidity and capital resources” of this prospectus.

Key financial ratios

	As at 31 March			As at
	2015	2016	2017	31 July 2017
Current ratio	1.3 times	1.7 times	1.6 times	1.5 times
Quick ratio	1.2 times	1.6 times	1.6 times	1.5 times
Gearing ratio	190.8%	78.9%	54.4%	51.9%
Net debt to equity ratio	190.2%	72.8%	6.2%	0.4%
Return on total assets	5.9%	16.2%	20.5%	2.4%
Return on equity	20.7%	34.7%	45.0%	5.8%

For further analysis, please refer to the section headed “Financial Information — Summary of key financial ratios” of this prospectus.

RELATED PARTY TRANSACTIONS

During the three years ended 31 March 2017 and the four months ended 31 July 2017, our transactions with related parties mainly consisted of (i) the development of customised software for our related parties at the material time, namely Qianhai Tonglian and Qianhai Banban, in an aggregate amount of approximately RMB2.8 million, RMB5.0 million, nil and nil respectively; (ii) a lease arrangement with a related party in an aggregate amount of approximately RMB73,000, RMB77,000, RMB11,000 and nil respectively and (iii) interest income from Mr. Lai in an aggregate amount of approximately RMB5.8 million, RMB5.2 million, RMB1.0 million and nil respectively. For more details of our related party transactions, please refer to Note 32 to the Accountants’ Report on Historical Financial Information set out in Appendix I to this prospectus and the section headed “Financial information — Related party transactions” in this prospectus.

Our Directors confirm that the related party transactions, which were entered into after arm’s length negotiations between our Group and the respective related parties, are fair and reasonable, on normal commercial terms and are not more favourable to those offered by our Group to other Independent Third Parties in contracts of similar nature. Based on the foregoing, our Directors are of the view that the aforesaid related party transactions would not distort our financial results during the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

SUMMARY

RECENT DEVELOPMENTS

Our business model and operational structure generally remained unchanged since 31 July 2017 (being the date up to which our Company's latest audited combined/consolidated financial results were prepared) and up to the Latest Practicable Date. We continue to focus on the city public safety management sector and other sectors in the PRC "Smart City" market. Going forward, we continue to be engaged by our customers under our existing model which we act as a contractor, and in the same time, we plan to explore other alternative modes of cooperation, including the PPP model. During the Track Record Period, we had not undertaken any PPP projects. As at the Latest Practicable Date, we had entered into 17 contracts in relation to "Smart City" projects with an aggregate contract sum of approximately RMB639.6 million. Among the contracts, one contract is a sub-part of a project which is expected to proceed on a PPP basis. As far as we are aware, our industry remained relatively stable after the Track Record Period and up to the Latest Practicable Date. There was no material adverse change in the general economic and market conditions in PRC or the industry in which we operate that had affected or would affect our business operations or financial condition materially and adversely.

As at 31 July 2017, we had 25 on-going contracts awarded by 23 separate customers with an aggregate contract sum of approximately RMB554.2 million. As at the Latest Practicable Date, we had 30 on-going or newly awarded contracts with a total aggregated contract sum of approximately RMB683.5 million, among which revenue of approximately RMB154.0 million had been recognised up to 31 October 2017. Our material on-going or newly awarded contracts with a contract sum of RMB5 million or above as at the Latest Practicable Date are listed below:

Contract type	Contract period	Approximate total contract sum (RMB'000)	Approximate revenue recognised during the Track Record Period (RMB'000) (Unaudited)	Approximately revenue recognised subsequent to the Track Record Period and up to 31 October 2017 (RMB'000) (Unaudited)	Customer background	Status
1. Sales of intelligent terminal products	From 30 March 2012 to completion	9,800	FY2015: 2,226 FY2016: 1,104 FY2017: nil For the four months ended 31 July 2017: nil	—	A technology company based in the PRC	In-progress
2. Provision of system maintenance services	1 January 2015 to 31 December 2017 <i>(Note 1)</i>	6,973	FY2015: 826 FY2016: 2,166 FY2017: 2,111 For the four months ended 31 July 2017: 721	542	A petroleum company based in the PRC	In-progress
3. Provision of system maintenance services	1 January 2015 to 31 December 2017 <i>(Note 1)</i>	10,741 <i>(Note 2)</i>	FY2015: 512 FY2016: 3,399 FY2017: 3,376 For the four months ended 31 July 2017: 1,135	790	A petroleum company based in the PRC	In-progress
4. The Intelligent Traffic Control Project	25 December 2015 to 25 March 2017 <i>(Note 3)</i>	113,530	FY2015: nil FY2016: 5,114 FY2017: 41,538 For the four months ended 31 July 2017: 20,648	11,298	An information technology company based in the PRC	In-progress
5. System integration for the Xinjiang Smart City Project	From 29 June 2016 to completion	210,000 <i>(Note 4)</i>	—	—	A technology company based in the PRC	Expected to commence in the second quarter of 2018

SUMMARY

Contract type	Contract period	Approximate total contract sum (RMB'000)	Approximate revenue recognised during the Track Record Period (RMB'000) (Unaudited)	Approximately revenue recognised subsequent to the Track Record Period and up to 31 October 2017 (RMB'000) (Unaudited)	Customer background	Status
6. The Optical Fibre Networks Project	From 1 April 2017 to 31 March 2019	153,000 ^(Note 5)	For the four months ended 31 July 2017: 16,854	12,346	A technology company based in the PRC	In-progress
7. Sales of intelligent terminal products	From 26 April 2017 to 25 March 2018	28,568	For the four months ended 31 July 2017: 4,946	14,149	Golden Spring	In-progress
8. System integration services project	14 August 2017 to 31 March 2018	12,100	—	—	A construction company based in the PRC	In-progress
9. System integration services project	9 September 2017 to 28 February 2018	6,164	—	—	A construction company based in the PRC	In-progress
10. Provision of software development services	28 September 2017 to 28 March 2018	9,280	—	861	A travel agency based in the PRC	In-progress
11. System integration for the Hebei Safe City Project	From 16 October 2017 to completion	104,000 ^(Note 6)	—	—	A construction company based in the PRC	In-progress
Others (Contract sum below RMB5 million)		19,375	FY2015: 56 FY2016: 2,940 FY2017: 872 For the four months ended 31 July 2017: 3,480			
		<u>683,531</u>	<u>FY2015: 3,621</u> <u>FY2016: 14,723</u> <u>FY2017: 47,897</u> <u>For the four months ended 31 July 2017: 47,784</u>			

Notes:

1. In December 2017, we had won the tender in respect of extending our engagement as a system maintenance services provider from 1 January 2018 to 31 December 2020. We are in the process of finalising the formal agreement with the relevant customer.
2. This represents the tender sum.
3. The contract period has been extended to 31 December 2017 due to the delay in completion of this contract arising from circumstances not owing to our fault.
4. This contract is a sub-part of a project which is expected to proceed on a PPP basis and the commencement of the works under this contract is subject to the official kick-off of the project as a whole, where the local government is still in the process of finalising the structure of the project.
5. The contract sum represents an estimation and the revenue to be recognised from the contract is subject to the actual amount of services rendered to the relevant customer.
6. This contract is a sub-part of a project and the commencement of the works under this contract is subject to the official kick-off of the project as a whole.

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In January 2017, we entered into a legally binding framework agreement with a technology company based in the PRC regarding the market promotion and project operation of a digital intelligent motor vehicle monitoring system with a cooperation period of 5 years from 1 January 2017 to 31 December 2021. Pursuant to the agreement, the target realisable sales amount in respect of the system shall be RMB1,000 million in 5 years subject to the parties' entering into formal agreement(s). As at the Latest Practicable Date, the parties have entered into seven formal agreements with an aggregate contract sum of approximately RMB29.2 million.

In July 2017, we entered into a legally binding framework agreement with a construction company based in the PRC regarding business cooperation in system integration works relating to industrial television, explosion-proof intercom and telecommunication systems for petrochemical and oil and coal chemical industries with a cooperation period of 2 years from 1 July 2017 to 30 June 2019. Pursuant to the agreement, the target cooperation amount shall be RMB80 million for the first year of cooperation and RMB120 million for the second year of cooperation, subject to the parties' entering into formal agreement(s) in respect of specific projects. As at the Latest Practicable Date, the parties have entered into formal agreements with respect to specific projects with an aggregate contract sum of approximately RMB123.5 million, including such contracts listed as items 8, 9 and 11 in the table of our material on-going or newly awarded contracts as at the Latest Practicable Date on page 12 of this prospectus.

We currently expect that our financial results for the year ending 31 March 2018 will be negatively impacted by the non-recurring listing expenses to be recognised as expenses in our consolidated statements of profit or loss and other comprehensive income. For further details regarding our listing expenses, please refer to the paragraph headed "Listing expenses" in this section and the section headed "Financial information — Listing expenses" in this prospectus.

Prospective investors should note that our financial information subsequent to 31 July 2017 is unaudited and may not reflect the full year results for the year ending 31 March 2018 and may be subject to adjustments based on the audit.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, save for the impact brought by the listing expenses on our net profit for the year ending 31 March 2018, there had been no material adverse change in our financial position or prospects since 31 July 2017 (being the date up to which our Company's latest audited combined/consolidated financial results were prepared) and there has been no event since 31 July 2017, which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

LISTING EXPENSES

We expect to incur a total of approximately HK\$38.0 million of listing expenses (assuming an Offer Price of HK\$1.65 per Offer Share, being the mid-point of the indicative range of the Offer Price, and assuming that the Over-allotment Option is not exercised) until the completion of the Global Offering, of which (i) approximately HK\$12.8 million is directly attributable to the issue of the Offer Shares in the Listing is to be accounted for as a deduction from equity in accordance with the relevant accounting standard; (ii) approximately HK\$8.3 million (equivalent to RMB7.0 million) and HK\$9.9 million (equivalent to RMB8.4 million) were charged to the profit or loss of our Group for the year ended 31 March 2017 and the four months ended 31 July 2017 respectively; and (iii) approximately

SUMMARY

HK\$7.0 million is to be charged to the profit or loss of our Group for the years ended 31 March 2018. Listing expenses represent professional fees and other fees incurred in connection with the Listing, including underwriting commissions. The listing expenses above are the best estimate as at the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$127.0 million after deducting the underwriting commissions and expenses payable by us in the Global Offering, assuming the Over-allotment Option is not exercised and an Offer Price of HK\$1.65 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$1.5 per Share to HK\$1.8 per Share in this prospectus.

We intend to use the net proceeds from the Global Offering for the following purposes:

- (1) approximately 54.3% of the net proceeds from the Global Offering or HK\$69.0 million, will be used for actively expanding our businesses through extending the application of our technologies into different sectors of the “Smart City” market. As at the Latest Practicable Date, we expected to invest not less than HK\$55.0 million on the on-going “Smart City” projects in our backlog. The remaining net proceeds from the Global Offering can strengthen our Group’s available financial resources and provide flexibility to us to undertake more large-scaled “Smart City” projects where the appropriate opportunity arises in the future.
- (2) approximately 19.4% of the net proceeds from the Global Offering, or HK\$24.6 million, for identifying beneficial strategic investment opportunities. We intend to selectively invest in or enter into strategic partnerships with other industry players (i) vertically up and down the IoT value chain; and/or (ii) horizontally in related industries to further broaden our collective expertise, resources and comprehensive servicing abilities. As at the Latest Practicable Date, we had not identified or committed to any acquisition target for the use of our net proceeds from the Global Offering;
- (3) approximately 16.3% of the net proceeds from the Global Offering, or HK\$20.7 million, for further enhancement of our R&D development capabilities, in technologies including but not limited to driver and vehicle identification, face detection and digital monitoring of gas cylinders, and improvement in the quality of our products and services. We also expect to recruit new personnel for our software and hardware R&D teams and to upgrade our R&D hardware equipment and software; and
- (4) approximately 10.0% of the net proceeds from the Global Offering, or HK\$12.7 million, for additional working capital and other general corporate purpose in order to improve the liquidity and gearing ratio of our Group.

For details, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

SUMMARY

DIVIDEND

No dividend has been paid or declared by our Company since its incorporation on 15 April 2016. Our Company currently does not have a dividend policy and may distribute dividends by way of cash or by other means that our Directors consider appropriate.

Future declaration of dividends will be subject to our Directors' decision and will depend on, among others, our earnings, financial conditions, cash requirements and availability, and any other factors our Directors may consider relevant. Currently, our Group does not have any predetermined dividend distribution ratio. The Board has the absolute discretion to decide whether to declare or distribute dividends in any year. There is no assurance that dividends of any amount will be declared or distributed each year or in any year.

PROPERTY VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, our Independent Valuer, has valued our self-owned property in the PRC as at 30 September 2017 at RMB19.3 million, with the entire interest attributable to our Group. The key assumptions in making this valuation include, among others, that our Group will be able to sell the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement; and (ii) the property is free from encumbrances, restrictions and outgoings of an onerous nature. The full text of the property valuation report is set out in Appendix IIIA to this prospectus and the reconciliation statement is set out in Appendix IIIB to this prospectus.

GLOBAL OFFERING STATISTICS

All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

	Based on the Offer Price of HK\$1.5 per Share	Based on the Offer Price of HK\$1.8 per Share
Number of Offer Shares	100,000,000	100,000,000
Market capitalisation ^(Note 1)	HK\$600,000,000	HK\$720,000,000
Unaudited pro forma adjusted consolidated net tangible assets per Share	HK\$0.53	HK\$0.60

Notes:

1. The calculation of market capitalisation of our Company at the Offer Price is based on 400,000,000 Shares expected to be in issue immediately following the completion of the Global Offering but does not take into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme.

SUMMARY

SHAREHOLDERS' AND PRE-IPO INVESTORS' INFORMATION

Immediately upon completion of the Global Offering and the Capitalisation Issue (without taking into account of any allotment and issue of Shares pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), 53.25% of the enlarged share capital of our Company will be owned by Shine Well, which is in turned entirely owned by Mr. Lai. Accordingly, Mr. Lai and Shine Well are our controlling Shareholders within the meaning of the Listing Rules. To avoid potential competition between our Company and our Controlling Shareholders, our Controlling Shareholders have entered into the Deed of Non-Competition whereby our Controlling Shareholders have undertaken not to carry on a business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group subject to exceptions, such as a first right of refusal.

On the other hand, immediately upon completion of the Global Offering and the Capitalisation Issue (without taking into account of any allotment and issue of Shares pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), the Pre-IPO Investors, namely, Ping An Securities, Century Race, Millionplus and Huida will hold 6.75%, 7.875%, 2.25% and 4.875% respectively of the enlarged issued capital of our Company. For further details, please refer to the section headed "History, Reorganisation and Corporate Structure" in this prospectus.

RISK FACTORS

There are certain risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorised into (i) risks relating to our business, (ii) risks relating to our industry, (iii) risks relating to doing business in the PRC, and (iv) risks relating to our Shares. A detailed discussion of all the risk factors involved are set forth in the section headed "Risk factors" in this prospectus and you are advised to read the whole section carefully before you decide to invest in the Offer Shares.

Some of the major risks relating to the business of our Group include but are not limited to the following:

- the income from a significant portion of our business is generally project-based and non-recurring in nature and our future business depends on our continuous ability in securing new projects;
- our major customers and major suppliers accounted for a significant portion of our sales and costs of sales respectively;
- we generally do not have long-term agreements with our customers and suppliers, which exposes us to the risk of uncertainty and potential volatility with respect to our revenue;
- we face risks associated with undertaking PPP projects;
- our reliance on other eligible parties with respect to "Smart City" PPP projects may affect our business and financial performance; and

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- we may record net cash outflows during the execution of project contracts and may not have sufficient working capital if we take up too many significant contracts in the future, which may affect our financial position.

NON-COMPLIANCE

There were instances where our Group was involved in certain non-compliance incidents in relation to our operations during the Track Record Period, including (i) non-compliant letter of credit financing; (ii) failure to register with the relevant authorities and to make contributions in full in respect of social insurance funds; (iii) failure to register with the relevant authorities and to make contributions in full in respect of housing provident funds; and (iv) tax non-compliance. For details of such non-compliance incidents and the respective remedial actions taken, please refer to the section headed “Business — Legal proceedings and regulatory compliance” in this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Abacus International”	Abacus International Group Company Limited (艾伯國際集團有限公司) (formerly known as Abacus Network Company Limited (艾伯網絡有限公司)), a company incorporated in Hong Kong with limited liability on 17 April 2000, which is an indirect wholly-owned subsidiary of our Company
“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s), individually or collectively, as the context may require, any of them, relating to the Hong Kong Public Offering
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company, adopted on 6 December 2017 to take effect on the Listing Date, a summary of which is set out in the paragraph headed “Articles of Association” in Appendix IV to this prospectus, and as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board” or “Board of Directors”	the board of Directors
“Business Day”	a day (other than a Saturday, or Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of Shares to be made upon capitalisation of certain sum standing to the credit of the share premium account of our Company. See “A. Further information about our Company — 3. Written resolutions of our Shareholders passed on 6 December 2017” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by the 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, joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of the HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Century Race”	Century Race Investments Limited, a company incorporated in the BVI with limited liability on 2 December 2013 and an indirect wholly-owned subsidiary of Value Convergence Holdings Limited, whose shares are listed on the Main Board of the Stock Exchange (stock code: 821), and a Pre-IPO Investor
“Che Jia”	Shenzhen Che Jia Automobile Development Co., Ltd. (深圳市車家發展有限公司), a company established in the PRC with limited liability on 9 October 2014, which is owned by Mr. Li Qingwen (黎清文), a cousin of Mr. Lai, as to 75%, and an Independent Third Party as to 25%, and a connected person of our Company
“China” or “PRC”	the People’s Republic of China which, for the purpose of this prospectus, shall exclude Hong Kong, Macau and Taiwan
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Law” or “Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company” or “our Company”	IBO Technology Company Limited (艾伯科技股份有限公司) (formerly known as China Security Control Company Limited (中國安控股份有限公司)), the holding company of our Group after the Reorganisation and the listing vehicle for the Listing, which is an exempted company with limited liability incorporated in the Cayman Islands on 15 April 2016
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context requires others, refers to Mr. Lai and Shine Well
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules, as amended, supplemented or otherwise modified from time to time
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會) of the PRC
“Cyber Sharp”	Cyber Sharp Limited (科銳有限公司), a company incorporated in Hong Kong with limited liability on 30 June 2016, which is an indirect wholly owned-subsiidiary of our Company
“Deed of Indemnity”	the deed of indemnity dated 6 December 2017 and executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for and on behalf of each of its subsidiaries) with particulars set out in “E. Other information — 1. Estate duty, tax and other indemnities” in Appendix V to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 6 December 2017 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for and on behalf of each of its subsidiaries and associated companies, from time to time) as further detailed in the section headed “Relationship with the controlling shareholders” in this prospectus
“Golden Spring”	Golden Spring Internet of Things Inc. (北京德鑫泉物聯網科技股份有限公司), a company established in the PRC with limited liability on 14 January 2004 which is owned by Independent Third Parties, and is holding 15% equity interest in Shenzhen Bohai as at the Latest Practicable Date

DEFINITIONS

“Digital Intelligent Motor Vehicle Monitoring Project”	the project in respect of the market promotion and project operation of a digital intelligent motor vehicle monitoring system (機動車輛智能電子監管系統), pursuant to a framework agreement entered into between our Group and a technology company based in the PRC in January 2017
“Director(s)” or “our Director(s)”	the director(s) of our Company
“EIT”	the PRC enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法), issued on 16 March 2007 and effective on 1 January 2008
“EIT Rules”	the Rules for Implementation of the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例), issued on 28 November 2007 and effective on 1 January 2008
“EMax”	EMax Investment Limited (怡明投資有限公司), a company incorporated in Hong Kong with limited liability on 26 November 1992, which is owned by Gee Fung as to 99% and Ms. Ho, as to 1%, and a connected person of our Company
“EN Subscription Agreement”	the subscription agreement dated 8 January 2016 entered into among Mr. Lai, Ping An Securities, Shine Well, Abacus International and IBO Shenzhen, pursuant to which, among others, Ping An Securities agreed to subscribe and Mr. Lai agreed to issue an exchangeable notes in the principal amount of HK\$30,000,000 which is exchangeable to the shares of Shine Well held by Mr. Lai representing 9% of its entire issued share capital as at the date of exercise
“EN Supplemental Subscription Agreement”	the supplemental agreement to the EN Subscription Agreement dated 6 July 2016 entered into among Mr. Lai, Ping An Securities, Shine Well, Abacus International and IBO Shenzhen, pursuant to which, among others, (i) Mr. Lai agreed to redeem the Original Exchangeable Notes; and (ii) Ping An Securities agreed to subscribe and Shine Well agreed to issue an exchangeable notes in the principal amount of HK\$30,000,000 which is exchangeable to the Shares held by Shine Well representing 9% of our Company’s entire issued share capital as at the date of exercise
“etc”	et cetera
“F&S Report”	an independent research report commissioned by our Company and prepared by our industry expert, Frost & Sullivan

DEFINITIONS

“Formal Notice”	the formal notice to be published in connection with the Hong Kong Public Offering on or around 14 December 2017, in substantially agreed form and in accordance with the requirements under Rule 12.2 of the Listing Rules (as amended or supplemented)
“Fortune Securities”	Fortune (HK) Securities Limited, a licensed cooperation under the SFO permitted to engage in Type 1 (dealing in securities) regulated activity (as defined in the SFO)
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an industry expert engaged by our Company to prepare the F&S Report and an Independent Third Party
“Gee Fung”	Gee Fung Group Company Limited (致豐集團有限公司), a company incorporated in Hong Kong with limited liability on 16 May 1995, which is owned by Mr. Lai as to 99.99% and by Ms. Ho, as to 0.01%, and a connected person of our Company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“GREEN Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries or any of them or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company, and a “member of our Group” means any of them
“Hebei”	Hebei province of the PRC
“Hebei Safe City Project”	the project in respect of constructing a “Safe City” in a county in Hebei
“HKFRS”	Hong Kong Financial Reporting Standards issued by HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong Offer Shares”	the 10,000,000 Shares being initially offered by our Company at the Offer Price pursuant to the Hong Kong Public Offering (subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus)
“Hong Kong Public Offering”	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong for cash (subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus) at the Offer Price (plus brokerage fee of 1%, Stock Exchange trading fee of 0.005%, and SFC transaction levy of 0.0027%) on the terms and subject to the conditions described in this prospectus and the Application Forms, as further described in the section headed “Structure of the Global Offering — Hong Kong Public Offering” in this prospectus
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 13 December 2017 relating to the Hong Kong Public Offering and entered into by, among other parties, our Company, the Joint Global Coordinators and the Hong Kong Underwriters
“Huida”	Huida Global Limited (匯達環球有限公司), a company incorporated in the BVI with limited liability on 23 November 2016 which is wholly owned by Mr. Yip Man Yung (葉文用), an Independent Third Party, and a Pre-IPO Investor
“IBO Holdings”	IBO Holdings Limited, a company incorporated in the BVI with limited liability on 13 May 2016, which is a direct wholly-owned subsidiary of our Company
“IBO Shenzhen”	IBO Information (Shenzhen) Limited* (艾伯資訊(深圳)有限公司), a company established under the laws of the PRC with limited liability on 13 December 2000, which is an indirect wholly-owned subsidiary of our Company
“IBO Shenzhen (XJ)”	IBO Information (Shenzhen) Limited (Xinjiang Branch)* (艾伯資訊(深圳)有限公司新疆分公司), a branch office of IBO Shenzhen in Xinjiang established on 3 November 2016
“IBO Shenzhen Digital Technology”	IBO Shenzhen Digital Technology Limited* (深圳市艾伯數字技術有限公司), a company established under the laws of the PRC with limited liability on 1 November 2016, which is an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“IIT”	the PRC individual income tax
“IIT Law”	the PRC Individual Income Tax Law (中華人民共和國個人所得稅法), issued on 27 October 2005 and effective on 1 January 2006
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is independent of and not connected with (as defined in the Listing Rules) any of our Directors, chief executive or substantial shareholders of our Company, its subsidiaries or any of their respective associates
“Independent Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent and qualified valuer in Hong Kong
“Inner Mongolia”	the Inner Mongolia Autonomous Region of the PRC
“Innovax Securities”	Innovax Securities Limited, a licensed corporation under the SFO permitted to engage in Type 1 (dealing with securities) and Type 4 (advising on securities) regulated activities (as defined under the SFO)
“Intelligent Traffic Control Project”	the project in respect of constructing an intelligent traffic control system in Ürümqi, Xinjiang, pursuant to a contract entered into between our Group and a technology company based in the PRC in March 2016
“International Offer Shares”	the 90,000,000 new Shares initially being offered by our Company for subscription at the Offer Price under the International Offering (subject to adjustment as described in the section headed “Structure of the Global Offering”) together with (unless the context otherwise requires) any Shares issued pursuant to any exercise of the Over-allotment Option
“International Offering”	the conditional placing of the International Offer Shares to selected professional and institutional investors at the Offer Price, as further described in the section headed “Structure of the Global Offering — International Offering” in this prospectus
“International Underwriters”	the underwriters of the International Offering whose names are set out in the subsection headed “International Underwriters” under the section headed “Underwriting”
“International Underwriting Agreement”	the conditional international underwriting agreement relating to the International Offering to be entered into by, among other parties, our Company, the Joint Global Coordinators and the International Underwriters on or about the Price Determination Date

DEFINITIONS

“Joint Global Coordinators” or “Joint Bookrunners”	Innovax Securities and Fortune Securities
“Latest Practicable Date”	6 December 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein prior to its publication
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of The Stock Exchange of Hong Kong Limited
“Listing Date”	the date, expected to be on or about 28 December 2017, on which our Shares are first listed and from which dealings therein are permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company, adopted on 6 December 2017, a summary of which is set out in the paragraph headed “Memorandum of Association” in Appendix IV to this prospectus, and as amended from time to time
“Millionplus”	Millionplus Holdings Limited, a company incorporated in the BVI with limited liability on 8 January 2007 which is wholly owned by Ms. Tin Nga Fong (田雅芳), an Independent Third Party, and a Pre-IPO Investor
“Ministry of Finance”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOC”	the former Ministry of Construction of the PRC (中華人民共和國建設部), the predecessor of the MOHURD
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Gao”	Mr. Gao Weilong (高偉龍), an executive Director
“Mr. KM Lai”	Mr. Lai Kam Man (黎錦文), son of Mr. Lai, the project development director of our Group and the sole shareholder of Upright Joy

DEFINITIONS

“Mr. Lai”, “Mr. Lai Tse Ming” or “Mr. Lai Tse Ming (黎子明先生)”	Mr. Lai Tse Ming (黎子明), also known as Mr. Li Qinglong* (黎清隆), an executive Director and a Controlling Shareholder
“Mr. Lyu”	Mr. Lyu Huiheng (呂惠恒), an executive Director
“Mr. Teng”	Mr. Teng Feng (滕峰), an executive Director
“Mr. Yu”	Mr. Yu Kin Keung (余健強), an executive Director
“Ms. Ho”	Ms. Ho Fung Lin (賀丰年), spouse of Mr. Lai
“National Bureau of Statistics”	the National Bureau of Statistics of the PRC (中華人民共和國國家統計局)
“National High and New Technology Enterprise”	an enterprise accredited by the Shenzhen Science and Technology Innovation Commission (深圳市科技創新委員會), Finance Commission of Shenzhen Municipality (深圳市財政委員會), Shenzhen Municipal Office, SAT (深圳市國家稅務局) and Shenzhen Local Taxation Bureau (深圳市地方稅務局) for its high and new technology, and which can be funded for its research and development under the preferential policies and measures and is eligible for tax and other preferential policies
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“New Exchangeable Notes”	the exchangeable notes in the principal amount of HK\$30,000,000 issued by Shine Well on 6 July 2016 pursuant to the EN Supplemental Subscription Agreement
“Original Exchangeable Notes”	the exchangeable notes in the principal amount of HK\$30,000,000 issued by Mr. Lai on 11 January 2016 pursuant to the EN Subscription Agreement, which was redeemed by Mr. Lai on 6 July 2016 pursuant to the EN Supplemental Subscription Agreement
“NPCSC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Offer Price”	the final Hong Kong dollar offer price per Offer Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Shares are to be issued pursuant to the Global Offering, which will be not more than HK\$1.8 and is expected to be not less than HK\$1.5, to be determined as described in the section headed “Structure of the Global Offering — Pricing of the Global Offering” in this prospectus

DEFINITIONS

“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares allotted and issued pursuant to the exercise of the Over-allotment Option
“Optical Fibre Networks Project”	the project in respect of constructing a regional high-speed customer premises network (CPN) in Beijing, pursuant to a cooperation agreement entered into between our Group and a technology company based in the PRC in April 2017
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters (exercisable by the Joint Global Coordinators for themselves and on behalf of the International Underwriters), pursuant to the International Underwriting Agreement, to require us to issue and allot up to an aggregate of 15,000,000 additional new Shares, representing 15% of the initial number of the Offer Shares, at the Offer Price, to cover over-allocations in the International Offering, if any, exercisable at any time from the Listing Date until the 30th day from the last day for the lodging of applications under the Hong Kong Public Offering
“PBOC”	the People’s Bank of China (中國人民銀行)
“Ping An Securities”	Ping An Securities Limited (平安證券有限公司), a company incorporated in Hong Kong with limited liability on 2 March 1993 and a wholly-owned subsidiary of Ping An Securities Group (Holdings) Limited (平安證券集團(控股)有限公司), whose shares are listed on the Main Board of the Stock Exchange (stock code: 0231), and a Pre-IPO Investor, and one of our joint lead managers together with Innovax Securities and Fortune Securities
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), issued on 27 October 2005 and effective on 1 January 2006
“PRC Government”	the government of the PRC, including all government subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context otherwise specifies, any of them
“PRC Legal Advisers”	Haiwen & Partners, the legal advisers to our Company as to PRC law for the application for Listing
“Pre-IPO Investors”	Ping An Securities, Century Race, Millionplus and Huida, and each a “Pre-IPO Investor”
“Predecessor Companies Ordinance”	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) prior to its repeal and replacement on 3 March 2014 by the Companies Ordinance and Companies (WUMP) Ordinance

DEFINITIONS

“Price Determination Agreement”	the agreement expected to be entered into between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on or before the Price Determination Date to record the agreement on the Offer price
“Price Determination Date”	the date, expected to be on or about Tuesday, 19 December 2017, on which the Offer Price is to be fixed by agreement between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters)
“Qianhai Banban”	Qianhai Banban Technology (Shenzhen) Co., Ltd. (前海辦辦科技(深圳)有限公司), a company established in the PRC with limited liability on 10 September 2015, which was wholly owned by an Independent Third Party as at the Latest Practicable Date
“Qianhai Tonglian”	Qianhai Tonglian Technology (Shenzhen) Co., Ltd. (前海桐聯科技(深圳)有限公司), a company established in the PRC with limited liability on 23 September 2014, which was ultimately held as to 80%, 15% and 5% by Mr. Lai and two other Independent Third Parties respectively as at the Latest Practicable Date, and a connected person of our Company
“R&D”	research and development
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Reorganisation”	the corporate reorganisation of our Group conducted in preparation of the Listing, details of which are set out in the paragraph headed “Corporate Reorganisation” under the section headed “History, Reorganisation and Corporate Structure” of this prospectus
“SAFE”	the State Administration of Foreign Exchange of the PRC
“SAT”	the State Administration of Taxation of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 6 December 2017, the principal terms of which are summarised in “D. Share Option Scheme” in Appendix V of this prospectus
“Shenzhen Bohai”	Bohai Intelligence Technologies (Shenzhen) Limited* (博海智能科技(深圳)有限公司), a company established under the laws of the PRC with limited liability on 12 April 2016, which is an indirect subsidiary of our Company
“Shenzhen Guotong”	Shenzhen Guotong Intelligence Technologies Limited* (深圳市國桐智能科技有限公司), a company established under the laws of the PRC with limited liability on 4 August 2015, which is an indirect subsidiary of our Company
“Shine Well”	Shine Well Holdings Limited (益明控股有限公司), a company incorporated in BVI with limited liability on 31 August 2007, a Controlling Shareholder and is wholly owned by Mr. Lai
“Sole Sponsor” or “Innovax Capital”	Innovax Capital Limited, a licensed corporation under the SFO permitted to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
“Stabilising Manager”	Innovax Securities
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	a stock borrowing agreement expected to be entered into between Shine Well and the Stabilising Manager
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs as approved by the SFC and as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the three years ended 31 March 2017 and the four months ended 31 July 2017
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement

DEFINITIONS

“US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“United States” or “US”	the United States of America
“Upright Joy”	Upright Joy Limited (正喜有限公司), a company incorporated in BVI with limited liability on 8 July 2015, which is wholly owned by Mr. KM Lai
“VAT”	value-added tax
“ WHITE Application Form(s)”	the form(s) of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be issued in an applicant’s own name
“ White Form eIPO ”	the application of Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website at www.eipo.com.hk
“ White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Xinjiang”	the Xinjiang Uyghur Autonomous Region of the PRC
“Xinjiang Smart City Project”	the project in respect of constructing a “Smart City” in a county of Xinjiang
“ YELLOW Application Form(s)”	the form(s) of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS
“%”	per cent

DEFINITIONS

In this prospectus, where otherwise specified:

- *All dates and times refer to Hong Kong dates and time.*
- *Amounts denominated in Hong Kong dollars and U.S. dollars have been translated, for the purpose of illustration only, into Renminbi, and vice versa, in this prospectus at the rates of HK\$1 to RMB0.8467 and US\$1 to RMB6.6163, respectively, which were the PBOC rates prevailing on the Latest Practicable Date. No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant date converted at the above rates or any other rates or at all.*
- *If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, the English prospectus shall prevail. However, the English translation and/or transliteration of the names of PRC nationals, entities, enterprises, government authorities, departments, facilities, certificates, titles, laws and regulations included in this prospectus is included for identification purposes only. In the event of any inconsistency in such case, the Chinese versions shall prevail.*
- *Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments.*
- *Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*
- *All references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.*

GLOSSARY OF TECHNICAL TERMS

The glossary of technical terms contains explanations and definitions of certain terms used in this prospectus in connection with our Group and our Group's business. The terms and their meaning may not correspond to meanings or usage of these terms as used by others.

“artificial intelligence”	a science to study how to use computers to simulate the thinking process and intelligent behaviors of human beings such as learning, reasoning, thinking, and planning
“big data”	a type of datasets whose size is beyond the ability of typical database software tools to capture, store, manage and analyse, with characteristics such as enormous scale of data capacity, rapid data flow, varieties in data types and low value density
“BOT”	build-operate-transfer
“BT”	build-transfer
“BOO”	build-own-operate
“city public safety management”	a variety of organised and planned managerial strategies adopted by municipal government authorities and other social organisations to prevent and control catastrophes and crises, and to protect lives and properties of the public, so as to minimise economic losses and threats to society
“cloud computing”	a pay-per-use model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications and services)
“data mining”	a computational process of using specific algorithms to capture implicit information from a large size of data
“embedded software”	a controlling application software with micro operation system or an independent controlling application software that are embedded in the hardware, to execute automatic tasks such as timely control, mobile computing, data processing, etc.
“GDP”	gross domestic product
“global positioning system” or “GPS”	a global navigation satellite system to provide (i) precise data on position and velocity and (ii) synchronise the global time for land, air and sea travel
“IC”	integrated circuit

GLOSSARY OF TECHNICAL TERMS

“Intrinsically Safe Apparatus”	an electrical apparatus which does not produce any spark or thermal effect that ignites the explosive gas atmospheres under the conditions (including normal and malfunctioning conditions) specified in the national standard of “Electrical Apparatus For Explosive Gas Atmospheres” of the PRC
“IoT” or “Internet of Things”	a type of network that realises intelligent identification, positioning, tracking, monitoring and management of targeted objects achieved by exchange of information and communication between such targets and internet <i>via</i> intelligent terminal products under pre-determined protocol
“ISO”	International Organisation for Standardisation
“ISO 9001”	a quality management systems model published by ISO for quality assurance in design, development, production, installation and servicing
“middleware”	a common service between a platform (namely hardware and operating system) and application
“NFC”	near-field communication, which is a short-range wireless communication technology, which enables two electronic devices to set up communication within a close distance
“OBD”	On-Board Diagnostics, a vehicle borne self diagnostic system to supervise the operation of engine and scrubber system on a timely basis, and to signal any situations where there is potentially excessive emission of exhaust gas
“PPP”	Public-Private-Partnership, a pattern that establishes partnerships funded and operated by public and private organisation to provide public goods and services
“QR code”	quick response code, which is a type of barcode that contains a matrix of dots, which can be scanned by using a QR scanner or smartphone and subsequently convert the dots within the code into numbers of characters
“RFID”	radio-frequency identification, a technology to automatically identify and track tags attached to objects with electromagnetic field
“Safe City”	is a community-based initiative that unites law enforcement, businesses, residents and city officials through a project intended to maximise safeness and minimise theft and other crimes in communities

GLOSSARY OF TECHNICAL TERMS

“Smart City”	“Smart City” materialising intelligent management and operation of cities <i>via</i> new generation information technologies such as IoT, cloud computing and big data for more convenient life of the people and encouraging the sustainable development of cities
“special purpose vehicle” or “SPV”	an organisation or company, created for special objectives formed by a company or an organisation for a particular project or task
“ZigBee”	a low power consumption wireless technology based on IEEE 802.15.4 standards

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS MAY NOT MATERIALISE

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe”, “expect”, “aim”, “intend”, “project”, “will”, “may”, “plan”, “consider”, “anticipate”, “seek”, “should”, “would”, “could” or similar expressions or the negative of these words or other similar expressions or statements, are forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- future development, trends and conditions in the industry and markets in which we operate;
- expansion, consolidation or other trends in the industry in which we operate;
- policies, regulations and restrictions in Hong Kong, the PRC or any other countries or territories that may affect the industry in which we operate;
- general political and economic conditions in Hong Kong, the PRC and overseas;
- exchange rate fluctuations and the developing legal system, in each case pertaining to Hong Kong, the PRC and the industry and markets in which we operate;
- macro economic measures taken by Hong Kong and/or the PRC governments to manage economic growth;
- our business prospects;
- competition for our business activities and the actions and development of our competitors;
- financial condition and performance of our Group;
- our dividend policy;
- changes to our expansion plans and use of capital expenditures;
- our ability to successfully implement of our business plans and strategies; and
- other factors beyond our Group’s control.

FORWARD-LOOKING STATEMENTS

We believe that the sources of information and assumptions contained in such forward-looking statements are appropriate sources for such statements and have taken reasonable care in extracting and reproducing such information and assumptions. We have no reason to believe that information and assumptions contained in such forward-looking statements are fake or misleading or that any fact has been omitted that would render such forward-looking statements fake or misleading in any material respect.

The information and assumptions contained in the forward-looking statements have not been independently verified by us, our Controlling Shareholders, the Sole Sponsor, the Joint Global Coordinators, the Underwriters, any other party involved in the Global Offering or their respective directors, officers, employees, advisers or agents and no representation is given as to the accuracy or completeness of such information or assumptions on which the forward-looking statements are made. Additional factors that could cause actual performance or achievements of our Group to differ materially include, but are not limited to, those discussed under the section headed “Risk factors” of this prospectus and elsewhere in this prospectus.

These forward-looking statements are based on current plans and estimates, and apply only as of the date they are made. We undertake no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. We caution you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statement. Accordingly, prospective investors should not place undue reliance on an forward-looking information. All forward-looking statements contained in this prospectus are qualified with reference to cautionary statements set out in this section.

In this prospectus, statement of or reference to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below in respect of, among others, our business and industry, before making an investment in the Shares being offered in the Global Offering. You should pay particular attention to the fact that our principal business and operations are conducted in the PRC and are governed by a legal and regulatory environment which in certain aspects differs from that prevailing in other countries. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of our Shares being offered in the Global Offering may decline due to any of these risks, and you may lose all or part of your investment.

We believe that an investment in our Shares involves certain risks, some of which are beyond our control. These risks can be broadly categorised into (i) risks relating to our business, (ii) risks relating to our industry, (iii) risks relating to doing business in the PRC and (iv) risks relating to our Shares. Prospective investors in our Shares should consider carefully all the information set forth in this prospectus and, in particular, this section in connection with an investment with us.

RISKS RELATING TO OUR BUSINESS

The income from a significant portion of our business is generally project-based and non-recurring in nature and our future business depends on our continuous ability in securing new projects

Our income is primarily generated from our system integration, intelligent terminal products sales, software development and system maintenance services businesses. Apart from our system maintenance services, our engagements with our customers are on a project basis and are generally non-recurring in nature. For the three years ended 31 March 2017 and the four months ended 31 July 2017, approximately 54.4%, 33.1%, 60.7% and 86.5% respectively of our revenue was generated from non-recurring projects with respect to our system integration and software development businesses, while approximately 15.2%, 53.0%, 33.0% and 9.7% respectively was generated from non-recurring intelligent terminal products sales. Our Directors believe that the competition is intense and our ability to continuously secure new services or sales contracts is critical to our success. Our success requires us to maintain good relationships with our existing customers to continue to be invited to tender when they have new projects and to develop new relationships with potential customers to win new projects. There is no guarantee that we will win the awards of project contracts in the future, and there is no assurance that our existing customers will invite us to tender when they have new projects. Our operations and financial results would be adversely affected if we are unable to win new projects or secure further projects from existing customers, which may lead to a decrease in the number of projects.

Our historical growth rate may not be indicative of our future growth rate

We experienced rapid growth in our revenue during the Track Record Period. Our revenue increased by approximately RMB27.8 million, or 95.5%, from approximately RMB29.1 million for the year ended 31 March 2015 to approximately RMB56.9 million for the year ended 31 March 2016, and increased by approximately RMB47.0 million, or 82.6%, from RMB56.9 million for the year ended 31 March 2016 to approximately RMB103.9 million for the year ended 31 March 2017. Our revenue increased by approximately RMB40.9 million, or 2.6 times from approximately RMB16.0 million for the four months ended 31 July 2016 to approximately RMB56.9 million for the four months ended 31 July 2017. Our profit and total comprehensive income increased by approximately RMB15.2 million, or

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156.7% from approximately RMB9.7 million for the year ended 31 March 2015 to approximately RMB24.9 million for the year ended 31 March 2016 and increased by approximately RMB4.5 million, or 18.1%, from approximately RMB24.9 million for the year ended 31 March 2016 to approximately RMB29.4 million for the year ended 31 March 2017. Our profit and total comprehensive income for the four months ended 31 July 2017 increased by approximately 66.7% from approximately RMB2.4 million for the four months ended 31 July 2016 to approximately RMB4.0 million for the four months ended 31 July 2017.

However, our historical growth rate should not be considered indicative of our future performance. We cannot assure that we will be able to operate our business as successful in the future or that the macro-economic condition of the PRC will not deteriorate. Our financial conditions and results of operations may be adversely affected if we fail to operate our business as successful or the macro-economic condition in the PRC becomes unfavourable.

Our major customers accounted for a significant portion of our sales

During the Track Record Period, there was a notable concentration in our customer base. For the three years ended 31 March 2017 and the four months ended 31 July 2017, the revenue from our five largest customers of the corresponding period accounted for approximately 73.5%, 75.3%, 86.0% and 90.1% respectively of the total revenue of our Group, whilst the largest customer of the respective periods accounted for approximately 22.1%, 42.7%, 40.0% and 36.3% respectively of the total revenue of our Group for the same period.

There may be risks associated with having a small number of major customers contributing a significant portion of the revenue. We cannot assure you that we will be able to maintain or improve our relationship with our major customers, and we cannot assure you that we will be able to continue to supply products to them at current levels on similar terms, or at all. In addition, our business is to a large extent affected by the businesses of our major customers. Any deterioration in the businesses of our major customers could lead to a decline in their purchase orders placed with us or a change in our business relationships with our major customers.

Our major suppliers accounted for a substantial portion of our purchases

For the three years ended 31 March 2017 and the four months ended 31 July 2017, our top five suppliers accounted for approximately 67.5%, 86.0%, 93.6% and 88.1% of our purchases respectively. In particular, approximately 45.0%, 34.7%, 28.1% and 35.4% of our cost of sales were attributable to our largest supplier for each of the three years ended 31 March 2017 and the four months ended 31 July 2017 respectively. If any of our top suppliers were to substantially reduce the amount of raw materials or services provided to us or to terminate the business relationship with us entirely, there can be no assurance that we would be able to identify new suppliers for replacement in a timely manner. Moreover, there can be no assurance that the provision of raw materials and services from new suppliers in replacement, if any, would be on commercially comparable terms. As such, our operations and financial performance may be adversely affected.

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We do not have long-term agreements with the majority of our customers and suppliers, which exposes us to the risk of uncertainty and potential volatility with respect to our revenue

During the Track Record Period, we did not enter into long-term agreements with the majority of our customers and suppliers. We had been awarded a number of long-term new contracts during the Track Record Period and up to the Latest Practicable Date, yet there are no assurances that we would be further awarded long-term agreements in the future at the same level, or at all.

Purchases from our customers are typically made on an order-by-order basis with no commitment for our customers to place future orders with us. The volume of our customers' orders and our product and/or service offerings may vary significantly from period to period and it is difficult for us to forecast future order quantities. There are no assurances that any of our customers will continue to place orders with us in the future at the same level as in the current or prior periods, or even at all. As a result, our business operations, financial conditions and results of operations may vary from period to period and may fluctuate significantly in the future. If any or a number of our customers cease to place orders with us and if there is insufficient time for us to obtain alternative orders, our business, financial performance and results of operations would be materially and adversely affected.

Our Group also generally places purchase orders with our suppliers on an order-by-order basis. The principal raw materials we use in our production process include chips, high-speed wire, stainless steel, polycarbonates (PC), and acrylonitrile butadiene styrene (ABS) for casing and other electronic parts. For the three years ended 31 March 2017 and the four months ended 31 July 2017, the cost of raw materials and third-party costs was approximately RMB4.3 million, RMB13.5 million, RMB38.1 million and RMB34.8 million respectively. The prices of our raw materials generally fluctuate as a result of various factors, including supply and demand, our bargaining power with our suppliers, logistics and government regulations and policies. We are subject to risks from fluctuations in raw materials costs and the risk of not being able to purchase sufficient quantities of raw materials to meet our production requirements. If we are unable to obtain raw materials at satisfactory prices or unable to pass increased costs to our customers, our profitability and hence financial performance may be adversely affected. In addition, if we are unable to find alternative supplies of raw materials, our production activities may be adversely affected.

We may encounter cost overruns or delays in our IoT intelligent terminal product application and solutions services contracts, which may materially and adversely affect our business, financial position and results of operation

We generally provide IoT intelligent terminal product application and solutions services on a project basis. We have to provide a quotation or tender to our prospective customers before the commencement of a project based on our estimated costs and time, which is formulated based on our consideration of the price, terms of payment, duration of service and the number of human resources to be deployed for completing the subject project. There is no assurance that the actual time taken and costs incurred would not exceed our estimation. We generally enter into fixed-price contracts with our customers, the terms of which normally require us to complete a contract at a pre-agreed fixed price, increasing the possibility of exposing us to cost overruns and resulting in lower profits or losses in a contract. The actual time taken and cost incurred by us in completing IoT intelligent terminal product application and solutions services contracts may be affected by many factors, including technical difficulties and other unforeseeable problems and circumstances. Delays may also arise due to

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unforeseeable circumstances not owing to our Group's fault, resulting in potential cost overruns. Any one of these factors can cause delays in the completion of contract or cost overruns. Most of our IoT intelligent terminal product application and solutions services contracts are subject to specific completion schedules and some of our customers are entitled to claim liquidated damages from us if we do not meet the schedules. Failure to meet the schedule requirements of our contracts may result in a significant number of liquidated damages claims, other contract liabilities and disputes with the customers or even the termination of relevant contracts. There is no guarantee that we would not encounter cost overruns or delays in our current and future IoT intelligent terminal product application and solutions services contracts. Should such problems occur, our business, financial position and results of operations would be materially and adversely affected.

Failure to collect our trade receivables in a timely manner may affect our financial condition and results of operations

We may not be able to collect our trade receivables in a timely manner and some of customers may delay payments due to various reasons beyond our control. There is no assurance that our customers will settle our invoices on time and in full. We generally grant a credit period of 30 to 180 days to our customers. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our average trade receivable turnover days were approximately 68 days, 97 days, 133 days and 150 days respectively.

As of 31 March 2015, 2016 and 2017 and 31 July 2017, trade receivables of approximately RMB1.1 million, RMB5.9 million, RMB1.8 million and RMB26.9 million, respectively, were past due. We are thus exposed to the risk that customers may delay to pay us when the payments fall due. This may put our cash flow and working capital under pressure. As our business will grow in the future, we cannot assure you that payments from customers will be made in a timely manner or that delays in payments will not affect our financial condition and results of operations.

Our future operations, working capital and cashflow position may be adversely affected if our customers or cooperative partners fail to settle the payment due to us

Due to the nature of our provision of IoT intelligent terminal product application and solutions services, we are subject to the credit risks of our customers or cooperative partners. Our profitability and cashflow are therefore largely dependent on the timely settlement of payments by our customers or cooperative partners for the services we rendered to them.

In respect of our intended participation in PPP projects in the future, as a social investor, our Group's earnings from a PPP project is expected to be based on (i) system construction services fees from the SPV for system integration works carried out as a contractor; and (ii) our entitlement to the profit sharing in the SPV linked to the SPV's receipt of payment and fees from the local government. We cannot assure you that the relevant government authority will make payments to the SPV on a timely basis or in full. In the event that the relevant government authority fails to make such payments to the SPV on time or in full, our liquidity position may be materially and adversely affected.

Further, our customers or cooperative partners may need to go through internal procedures for approving settlement. The time required for our customers or cooperative partners to complete such exercise varies greatly, which can be affected by factors such as the overall project schedule or work

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progress, internal procedures of our customers as well as the government policy (such as whether the project is the policy focus in case of public funded projects which may affect the resource allocation of the government), which are beyond our control.

In particular, in respect of our customers or cooperative partners which are government and state-invested enterprises or PRC governmental entities, generally, the PRC Government's spending on public works historically been, and will continue to be, cyclical in nature and vulnerable to fluctuations in China's economic and political conditions. It is noted that there have been concerns in recent years in relation to the financial standing of certain PRC local governments according to publicly available information and media reports. Therefore, to the extent that our projects are providing services to, or receiving payments from, government and state-invested enterprises or PRC governmental entities, the timing of invoicing and collection of payments are subject to delays or changes as a result of changes in the government's policies. We cannot assure you that our major government and state-invested enterprises or PRC governmental entities customers or cooperative partners will be able to continue to maintain their current strong financial position. The failure of any of them to make timely payments for our provision of services could have a material and adverse impact on our business, financial position, results of operations and prospects.

We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. If any of our customers or cooperative partners face unexpected situations, including, but not limited to, financial difficulties caused by fiscal constraints or change in fiscal policy of the government or delay in completion of the entire project of which our project forms part, our customers or cooperative partners may delay or even default in their payment obligation. As a result, we may not be able to receive from such customers or cooperative partners payment of uncollected debts in full, or at all, and we may need to make provisions for trade receivables. The occurrence of such event would materially and adversely affect our financial position and results of operations.

We face risks associated with undertaking PPP projects

As more particularly disclosed in the sections headed "Industry Overview" and "Business — To explore different forms of business cooperation" in this prospectus, the PRC Government is promoting the PPP model in public works as a way to channel private capital into the public sector. As such, to capture new business opportunity and enhance our industry recognition, in addition to our existing model under which we act as a contractor, we will explore different forms of business cooperation, such as the PPP model, subject to prevailing market conditions and the satisfaction of our risk assessment.

Undertaking PPP projects require a certain level of capital investment over extended periods, which may affect our liquidity and decrease the capital resources otherwise available for other uses. Moreover, the occurrence of the PPP arrangement in the PRC landscape is relatively recent, and we have limited experience in assessing and managing the risks particular to PPP projects. Our inability to execute or handle PPP projects may materially and adversely affect our business, financial conditions, results of operations and prospects.

Whilst the PPP model presents to us attractive business opportunities, if we undertake any project on a PPP basis in the future, we will be exposed to changing economic conditions and our inaccurate estimate of the projects' performance, as a result of which, the profitability and prospects of the PPP projects undertaken by us and our liquidity will be materially and adversely affected. The profitability and sustainability of PPP projects are also dependent on the PRC Government's continuous support on

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public-private participation and sharing of risks and returns from public construction projects in the public sector. Any changes in government policies may limit our ability to profit from such projects, which will materially and adversely affect our business and results of operations.

Our reliance on other eligible parties with respect to “Smart City” PPP projects and other large-scaled projects may affect our business and financial performance

The PPP model is currently the predominant mode of cooperation for the development of large-scaled infrastructure projects, and in particular “Smart City” initiatives, led by the PRC Government. The typical “Smart City” initiative is often sizeable and complex and large-scale information technology companies are more likely to be designated as the main contractor through the bidding process from the local government and we alone may not be considered as their preferred tenderer. Under such circumstances, we may only be able to act as the cooperative partner of other eligible parties to participate in “Smart City” PPP projects and large-scaled projects at the current stage. Our financial performance may be adversely affected if our Group is unable to participate in “Smart City” projects due to our inability to cooperate with those eligible main contractors.

We may record net operating cash outflows during the execution of project contracts and may not have sufficient working capital if we take up too many significant contracts in the future, which may affect our financial position

We recorded slight net operating cash outflows of approximately RMB0.3 million and RMB3.1 million for the year ended 31 March 2015 and the four months ended 31 July 2016 respectively, which was primarily attributable to procurement of raw materials, staff cost, rental expenses and other expenses. Please refer to the section headed “Financial Information — Liquidity and capital resources” in this prospectus for details. Net cash outflows may be recorded during the execution of our project contracts if we are required to pay expenditures before the actual receipt of payments from clients. As long as the payments from our customers are insufficient to cover the capital injection committed by us at a particular stage and our cash outflows continue, the burden on our working capital will increase.

If we take up too many significant project contracts during a particular period of time and we do not have sufficient working capital to pay expenditures, or if our customers request to retain certain part of our payment during the term of the contract, our financial condition, including cash flow may be adversely affected.

There is no assurance that our status as a National High and New Technology Enterprise will be renewed or our enjoyment of the preferential tax rate of EIT attached to such status will be continued

The status as a National High and New Technology Enterprise of our principal operating subsidiary, IBO Shenzhen, was renewed and extended for 3 years from 15 November 2016 to 14 November 2019. Pursuant to the EIT Law which became effective on 1 January 2008, IBO Shenzhen is subject to enterprise income tax at a statutory rate of 25% on the assessable income derived during the Track Record Period. However, with the status as a National High and New Technology Enterprise, IBO Shenzhen enjoyed preferential income tax rate of 15% during the Track Record Period.

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We cannot assure that our status as a National High and New Technology Enterprise can always be retained or renewed in the future, and we cannot guarantee that we will always be able to enjoy the preferential tax rate of EIT attached to such status. Loss of our status and/or our enjoyment of the preferential EIT tax rate may materially and adversely affect our operations and financial results.

There is no assurance that our Information System Integration and Services Qualification Certification (Grade II) will be renewed

IBO Shenzhen's Information System Integration and Services Qualification Certification (Grade II) was renewed and extended for more than 4 years from 11 November 2016 to 31 December 2020. The grade of a system integration service provider's certification is an important factor considered by customers when choosing a service provider, especially for large-scaled projects with larger contract sums. We cannot assure that our Computer Information System Integration and Services Qualification Certification can always be maintained at Grade II in the future, or whether we can always renew and extend our certification at all. Loss of our Grade II qualification or our certification entirely would greatly undermine our ability to take up large-scaled system integration projects and may materially and adversely affect our operations and financial results.

We may not be able to protect our intellectual property rights successfully which could have a material adverse effect on our business, results of operations and financial condition

Intellectual property rights, such as trademarks and patents, are crucial in the technology intensive IoT intelligent terminal product application and solutions industry and they are important to our business and competitive position and protection of our corporate reputation. Our competitors or other third parties may have intellectual property rights and interests which would potentially come into conflicts with ours.

As at the Latest Practicable Date, we owned 17 patents, 26 computer software copyrights and 16 trademark rights which are material to our business. For details regarding our intellectual property, please refer to the section headed "Business — Intellectual property" in this prospectus.

The assertion of rights under PRC intellectual property law is time consuming and complicated. In addition, policing unauthorised use of intellectual property may be difficult and potentially costly, and we may need to resort to litigation to enforce or defend intellectual property issued to us or to determine the enforceability, scope and validity of our proprietary rights or those of others. Such litigation and an adverse determination in any such litigation, if any, could result in substantial costs and diversion of resources and management attention, which could harm our business and competitive position. During the Track Record Period and up to the Latest Practicable Date, we did not experience any infringement of our intellectual property rights by third parties. If any third party makes any trademark and/or patent infringement or other intellectual property claims against us that may be successful, we may be required to expend significant resources to redevelop our products/software so that they do not infringe third parties' intellectual property rights, or we may be required to obtain relevant licences to avoid further infringements. Intellectual property litigation against us could significantly disrupt our business, divert our management's attention, or consume much of our financial resources. As a result, such intellectual property disputes could have a material adverse effect on our business, financial condition and results of operations.

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The appraised value of our self-owned property in the PRC may be different from its actual realisable value and is subject to variation, and if the actual realisable value of the property is substantially lower than its appraised values, there may be a material adverse effect on our business, results of operations and financial conditions

Our Independent Valuer has valued our self-owned property in the PRC as at 30 September 2017. Please refer to Appendix IIIA to this prospectus for the full text of the valuation report.

If any of the valuation assumptions provided by our Independent Valuer are proved to be inaccurate, the appraised value of the property may be materially affected. Accordingly, the appraised value may differ materially from the price we could receive in an actual sale of the property in the market and should not be taken as its actual realisable value or a forecast of its realisable value. Unforeseeable changes to regional economic conditions may also affect the value of our property. If the actual realisable value of our property is substantially lower than its appraised value, it may have a material adverse effect on our business, results of operations and financial conditions.

We may not be able to retain or secure key executives and personnel for our operations

Our success is attributed to the leadership and contributions of our Directors and our senior management team, who are collectively responsible for the overall corporate developments and business strategies of our Group as well as implementing business plans and driving the growth of our Group. Our performance depends, to a significant extent, on the continued services and performance of our key executives and personnel who have a comprehensive understanding of our customers' requirements and the technical knowhow. Our executive Directors and senior management are considered to be important to our future success. Failing to recruit or retain key executives and personnel, or the loss of the services of any of such personnel, could have an adverse effect on our business.

Our Directors also believe that an integral part of our success lies in our ability to recruit and retain experienced engineers and technicians with knowledge in the industry of integrated solutions and development for our business operations. However, we cannot assure you that we will be able to recruit and retain suitable employees in the future. The departure of any member of our management team or our experienced engineers and technicians could adversely interrupt our business if we are unable to recruit the replacement personnel with equivalent qualifications and experience in a timely manner.

We engage third-party manufacturers or cooperate with third parties to carry out some of the tasks in our production cycle, and any non-performance, sub-standard performance or delayed performance of these third-party manufacturers or cooperative partners may adversely affect our Group's production

Our engagement of third-party manufacturers or cooperation with third parties exposes us to risks associated with non-performance, substandard or delayed performance by our third-party manufacturers or cooperative partners. As a result, we may experience delay in delivering our product or service delivery and deterioration in the quality of our works, incur additional costs due to the delays, or be subject to liability under the relevant contract. Such event could impact our profitability, financial performance and reputation, and may potentially result in litigation and claims.

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In addition, if the third-party manufacturers or cooperative partners are in breach of any rules and regulations in relation to health and safety matters, it may expose our Group to prosecution and/or liability to claims for loss and damages. If there is in fact a violation, our operations and therefore reputation and financial position will be adversely affected.

We are exposed to product and/or service liability risk and our insurance coverage may not adequately protect us against product liability

We face an inherent risk of exposure to product and/or service liability claims in the event that the use of our products and/or systems results in health or safety issues or damages. We are yet to be able to identify an insurer to offer insurance cover for our products and services due to their complex nature.

If financial damages or physical injuries are incurred to an individual due to defects or substandard product quality brought by the raw material suppliers or the third-party manufacturers, we will, in turn, claim against the suppliers for such defective products as the products are manufactured by them. Thus, we can, in theory, transfer the liability to them. In case of the inability to shift the responsibility to suppliers, our business may be adversely affected in terms of financial results and profitability. However, if financial damages or physical injuries suffered by an individual are caused by technical problems such as the malfunction of our programming of the system that we build in, we are subject to the product and/or service liability claims and litigations, negative publicity, claims for indemnity by our customers and other claims for compensation, etc.

A successful claim against us in respect of our products and/or services or a material recall of our products or request for rectification of our system solutions may result in (i) legal costs incurred in connection with such claim or other adverse allegations or rectifying such defects; (ii) deterioration of our brand and corporate image; and (iii) material adverse effect on our sales, operating results and financial condition.

Our insurance may not cover every potential loss and claim

We have taken out insurance policies to cover the risk associated with our business operation as described in the section headed “Business — Insurance” in this prospectus. However, our insurance policies may not cover all eventualities or payments by our insurers may not fully compensate us for all potential losses, damages or liabilities relating to our properties or our business operations. Further, our insurers may otherwise find themselves financially unable to meet claims.

In addition, there are certain types of losses for which full insurance coverage is not generally available on commercial terms acceptable to us, or at all. Examples of these include insurance against losses suffered due to business interruption, earthquakes, flooding or other natural disasters, war or civil disorder. Therefore, there may be instances when we will have to bear losses, damages and liabilities because of our lack or insufficiency of insurance coverage. If we suffer any losses, damages or liabilities in the course of our business operations arising from events for which we do not have any or adequate insurance cover, we may not have sufficient funds to cover such losses, damages or liabilities or to reinstate any properties which may be damaged or destroyed. In addition, any payment we make to cover any losses, damages or liabilities could have a material adverse effect on our business, results of operations and financial position.

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Any enforcement action taken against us for non-compliance incidents may adversely affect our business, operating results and reputation

As more particularly disclosed in the section headed “Business — Legal proceedings and regulatory compliance” in this prospectus, we had certain deficiencies in legal and regulatory compliance in the PRC during the Track Record Period including: (i) non-compliant letter of credit financing arrangements; (ii) non-compliance in relation to social insurance and housing provident fund registration and contributions; and (iii) tax non-compliance.

Pursuant to the relevant laws and regulations, the possible legal consequences and liabilities include administrative penalties or punitive measures imposed on the relevant member of our Group, payment of fines, outstanding contributions and/or overdue penalty, as the case may be. If any of the government agencies takes enforcement action against us for these non-compliance incidents, we may be ordered to pay fines and/or other penalties, incur legal costs arising from any successful legal action brought against us or the directors of our Group members and may result in business disruption and/or negative media coverage, which may adversely affect our business, operating results and reputation.

We may be required to repay all our indebtedness under a loan on an accelerated basis and/or liable to pay damages by reason of our breach of our undertaking and warranty therein

Our principal operating subsidiary, IBO Shenzhen, had undertaken and warranted in a loan facility entered into by it that it must notify the relevant lender in writing 30 days in advance and seek the lender’s consent for any external investments to be made. However, we have not notified the lender and/or obtained a written consent from the lender prior to the establishment of IBO Shenzhen Digital Technology. Failure on our part to comply with such undertaking and warranty may entitle the lender to accelerate our repayment obligations under the facility and/or claim damages against us. If the lender enforces such right, our business and operating results may be adversely affected.

For more information regarding this loan facility, please see the section headed “Financial Information — Bank borrowings” in this prospectus.

Our leased property in Hong Kong is subject to mortgages and we may be required to vacate the property in case of the landlord’s failure to obtain their consent for entering into of the lease concerned

Our Group currently leases a commercial unit at Office 1623, 16th Floor, Argyle Centre Phase 1, 688 Nathan Road, Mong Kok, Kowloon, Hong Kong as our principal place of business in Hong Kong. Please refer to the section headed “Connected transactions — Exempt continuing connected transactions — The tenancy agreement with EMax” for details of such lease arrangement. This leased property is subject to both the mortgage and the second legal charge, pursuant to which consent of the relevant lenders is required to be obtained for the landlord’s letting of the property to our Group. In case of failure of the landlord as borrower to obtain such consent, the relevant lender(s) is/are entitled to exercise its/their power to enter into and take possession of the leased property, where we may be required to vacate the property and relocate our principal place of business in Hong Kong. This would result in additional costs and expenses as well as business interruption thereby affecting our business and financial condition. Further, if we fail to find another suitable location promptly, our business operation may be affected.

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RISKS RELATING TO OUR INDUSTRY

We face intense competition in the IoT intelligent terminal product applications and solutions industry, and failure to compete efficiently would materially and adversely affect our operations and financial results

We operate in a highly competitive industry. Some of our competitors, which include a number of PRC state-owned enterprises, may have stronger brand names, greater access to capital, longer operating histories, longer and more established relationships with their customers, and greater marketing and other resources that we do. Competition can be increasingly intense and is expected to increase significantly in the future. Intensified competition may result in price reductions, reduced profit margin and loss of our market share.

Our Group's existing competitors may in the future achieve greater market acceptance and recognition and gain greater market share. It is also possible that potential competitors may emerge and acquire a significant market share. If these existing or potential competitors possess advanced technology, know-how, expertise, creativity and a strong sales and marketing network comparable to or superior than ours, our business and financial performance would be adversely affected.

Our market position depends on our ability to anticipate and respond to various competitive factors, including effective cost control, technical expertise, responsiveness to our customers' preferences and timely completion of relevant controls to meet our customers' schedules. There can be no assurance that the competition in the IoT intelligent terminal product application and solutions industry will not intensify in the future and if we fail to maintain or improve our market position or fail to respond successfully to changes in the competitive landscape, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may be unable to keep abreast of rapid technological advancement, which may adversely affect our operations and financial results

The IoT intelligent terminal product application and solutions market is characterised by the rapidly changing customer demands, changing technology, evolving industry standards, and the frequent introductions and enhancements of new products and services. The introduction of new technology and the emergence of new industry standards may make our services obsolete and uncompetitive. As such, our future success will depend on our ability to finance the research and development and hence to continually generate know-how, techniques and patents in response to the evolving demands and requirements of the market. Failing to adapt to such changes would have a material adverse effect on our business.

Our Company may not be successful in responding quickly, cost effectively and adequately to the latest technologies. If we fail to do so, we may lose our clientele, thereby adversely affecting our operations and financial results.

Catastrophes and other extraordinary events could severely disrupt our business operations

Our operations are vulnerable to interruption and damage from natural and other types of catastrophes, including earthquakes, tsunami, fire, floods, hail, windstorms, severe winter weather (including snow, freezing water, ice storms and blizzards), environmental accidents, power loss,

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communications failures, explosions, man-made events such as terrorist attacks, and similar events. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In addition, changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophe or extraordinary event were to occur in the future, our ability to operate our business could be seriously impaired. Such events could make it difficult or impossible for us to deliver our products and services to our customers and could decrease demand for our services. Our national footprint may expose us to potential catastrophes of all types in a broad geographic area in the PRC, which could materially and adversely affect our financial position and operating results in the event of any major catastrophic event.

RISKS RELATED TO DOING BUSINESS IN THE PRC

Adverse changes in political, economic and other government policies in the PRC and in particular, Xinjiang, could materially and adversely affect the growth of our business and our competitive position

Our business operations are primarily conducted in the PRC. Accordingly, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in the PRC. Although the PRC economy has been transitioning from a planned economy to a more market-oriented economy since the late 1970s, the PRC government continues to exercise significant control over economic growth of the PRC through direct allocation of resources, monetary and tax policies, and a host of other government policies such as those that encourage or restrict investment in certain industries by foreign investors, control the exchange between the Renminbi and foreign currencies, and regulate the growth of the general or specific market. While the economy of the PRC has experienced significant growth in the past 30 years, growth has been uneven, both geographically and among various sectors of the economy.

Furthermore, the global capital and credit markets have been experiencing extreme volatility and disruption in recent periods. Declining residential real estate market in the United States and elsewhere, volatile oil prices and increased unemployment may contribute to global economic slowdown and/or a possible prolonged global recession, which may impair consumer confidence. The PRC, the economic condition of which is highly interdependent with the developments of the global economy, may be exposed to an increasingly volatile and fragile business environment. The various economic and policy measures enacted by the PRC government to forestall economic downturns or bolster economic growth of the PRC could materially affect our business. Any adverse change in the economic conditions in the PRC, in policies of the PRC government or in laws and regulations in the PRC could have a material adverse effect on the overall economic growth of China and market demand for our products. Any economic slowdown and/or global recession may materially affect our business, financial condition and results of operations.

Moreover, during the Track Record Period and as at the Latest Practicable Date, a significant portion of our business was based in Xinjiang. For the three years ended 31 March 2017 and the four months ended 31 July 2017, approximately 18.5%, 22.8%, 41.4% and 40.9% of our Group's turnover respectively was generated in Xinjiang. In recent years, there has been increasing socio-political instability in Xinjiang. Accordingly, our Group's performance could be adversely affected as a result of any material deterioration in the economic, political, legal and social conditions in the Xinjiang area.

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Governmental control of currency conversion may limit our ability to use our revenues effectively and the ability of our PRC subsidiaries to obtain financing

The PRC Government imposes control on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of the PRC. We receive a majority of our revenues in Renminbi, which as at the Latest Practical Date, was not a freely convertible currency. Restrictions on currency conversion imposed by the PRC government may limit our ability to use revenues generated in Renminbi to fund our expenditures denominated in foreign currencies or our business activities outside the PRC. Under existing foreign exchange regulations of the PRC, Renminbi may be freely converted into foreign currency for payments relating to current account transactions, which include, among other things, dividend payments and payments for the import of goods and services, by complying with certain procedural requirements. Our PRC subsidiaries may also retain foreign currency in their respective current account bank accounts for use in payment of international current account transactions. However, we cannot assure you that the PRC government will not take measures in the future to restrict access to foreign currencies for current account transactions.

Our labour costs may increase

The PRC Labour Contract Law (《中華人民共和國勞動合同法》) was amended and the said amendments took effect on 1 July 2013. This new labour law and its implementing rules have reinforced the protection for employees, who, under the existing PRC Labour Law, have certain rights, such as the right to have written labour contracts, the right to enter into labour contracts with no fixed terms under specific circumstances, the right to receive overtime wages when working overtime and the right to terminate or alter terms in the labour contracts. In case our employees are under overtime working condition due to projects on hand, software development or some urgent issues of maintenance for instance, we are subject to the payment of the overtime wages according to the PRC Law.

For strict compliance with the Labour Contract Law and other labour-related regulations in the PRC, our labour costs may increase, which may materially and adversely affect our business and results of operations.

The PRC's legal system is still evolving and the uncertainties as to the interpretation and enforcement of PRC laws could have a material adverse effect on us

Our business in the PRC is conducted through our PRC subsidiaries. Thus, our operations in the PRC are governed by PRC laws and regulations. Our PRC subsidiaries are generally subject to laws and regulations applicable to foreign investments in the PRC and, in particular, laws applicable to wholly foreign-owned enterprises. The PRC legal system is based on written statutes and regulations. Prior court decisions may be cited for reference but have limited precedential value.

Since 1979, PRC legislation and regulations have significantly enhanced the protection afforded to various forms of foreign investments in the PRC. However, the PRC has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations are relatively new, and because published court decisions are limited in number and are non-binding, there are uncertainties involved in the interpretation and enforcement of these laws and regulations. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may be subject to fines and

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other penalties applied retrospectively for violations of policies and rules enacted in future for commission of acts that are not in violation of the current policies and rules. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of our resources and management attention.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in the PRC or to enforce against them in the PRC any judgements obtained from non-PRC courts

We are incorporated in the Cayman Islands. Most of our executive Directors and senior management members reside within the PRC, and most of our assets and substantially all of the assets of the aforesaid persons are located within the PRC. Therefore, it may be difficult for investors to effect service of process upon us or those persons inside the PRC or to enforce against us or them in the PRC any judgements obtained from non-PRC courts.

The PRC has not entered into treaties or arrangements providing for the reciprocal recognition and enforcement of judgements of courts with the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in the PRC of judgements of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

Our Company is a holding company and relies on dividend payments from our PRC subsidiary

We are a holding company and rely principally on dividends paid by our PRC subsidiary which carry out our operation to make dividend payments and other distributions in cash, pay expenses, service any debts incurred, and finance the needs of other subsidiaries. The ability of our PRC subsidiary to pay dividends or other distributions to us may be subject to its earnings, financial positions, cash requirements and availability, applicable laws, rules and regulations, and restrictions on making payments to our Group contained in financing or other agreements. If our PRC subsidiary incurs debt in its own name in the future, the instruments or agreements governing the debt may restrict it from declaring dividends or making other distributions to us, which could in turn restrict our ability to fund our business operations and to pay dividends to our Shareholders. Our Company's future declaration of dividends may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board.

Furthermore, applicable PRC laws, rules and regulations permit payment of dividends by our PRC subsidiary only out of its accumulated retained earnings, if any, determined in accordance with PRC accounting standards. Our PRC subsidiary is required to set aside a certain percentage of its after tax profits based on PRC accounting standards to their statutory reserves in accordance with the requirements of relevant PRC laws and provisions in its articles of associations. As a result, our PRC subsidiary may be restricted in its ability to transfer a portion of its net income to us whether in the form of dividends, loans or advances. These restrictions and requirements could reduce the amount of distributions that we receive from our subsidiaries, which would restrict our ability to fund our operations, generate income, pay dividends and service our indebtedness. Moreover, these limitations on the flow of funds between and among us and our PRC subsidiary could restrict our ability to respond to changing market conditions or appropriately allocate funds to our PRC subsidiary in a timely manner, or at all.

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We may be classified as a “resident enterprise” for PRC enterprise income tax to impose on our operating profit or dividends paid out from our subsidiaries; such classification could result in unfavourable tax consequences to us and our non-PRC shareholders

We are a Cayman Islands holding company with a majority of our operations conducted through our operating subsidiaries in the PRC. Under EIT law and the related implementation of regulations issued by the State Council which took effect on 1 January 2008, enterprises established outside the PRC whose “de facto management bodies” are located in the PRC are considered “resident enterprises” for PRC tax law purposes and will generally be subject to the uniform 25% enterprise income tax rate as to their global income. Under the implementation regulations issued by the State Council relating to the new EIT Law, a “de facto management body” is defined as the body that has the significant and overall management control over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation promulgated a circular to clarify the definition of “de facto management bodies” for enterprises incorporated overseas with controlling shareholders being PRC enterprises. It, however, remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by a non-PRC individual resident as is in our case. Although we have not been, and are currently not, treated as a PRC resident enterprise by the relevant PRC tax authorities, substantially all of our management is currently based in the PRC and will remain in the PRC. As a result, we may be treated as a PRC resident enterprise for PRC enterprise income tax purposes and subject to the uniform 25% enterprise income tax as to our global income in the future. You should also read the risk factor entitled “Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws” below. If we are treated as such a PRC resident enterprise under the PRC tax law, we could face adverse tax consequences.

We may be deemed to be a “resident enterprise” for transfer of equity of overseas holding company and therefore any deemed gain so arisen may be subject to EIT

Under Circular of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax on Incomes from Equity Transfers of Non-Resident Enterprises (“Circular Guoshuihan [2009] No. 698”) (關於加強非居民企業股權轉讓所得企業所得稅管理的通知) (國稅函[2009]698號), and Bulletin of the SAT on the PRC Tax Treatment of an Indirect Transfer of Assets by Non-Resident Enterprises (“Bulletin [2015] No. 7”) (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (公告[2015]第7號) issued by the SAT on 10 December 2009 and 6 February 2015 respectively, even if we or our overseas subsidiaries are considered as non-PRC resident enterprises, we cannot provide any assurance that any direct or indirect transfer of our equity interests in our PRC subsidiaries *via* our overseas holding companies in the future will not be subject to examinations by our PRC subsidiaries’ tax authorities and therefore will not be subject to a withholding tax of 10%. You should also read the risk factor entitled “Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws” below.

Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws

Under the EIT Law and its implementation regulations issued by the State Council, to the extent such dividends for earnings derived since 1 January 2008 are sourced within the PRC and we are considered a “resident enterprise” for PRC tax law purposes, then PRC income tax at the rate of 10% is

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applicable to dividends payable by us to investors that are “non-resident enterprises” so long as any such “non-resident enterprise” investor does not have an establishment or place of business in the PRC or, despite the existence of such establishment or place of business in the PRC, the relevant income is not effectively connected with such establishment or place of business in the PRC. A lower withholding tax rate may apply if such “non-resident enterprise” is incorporated in a jurisdiction that has entered into an income tax treaty or agreement with the PRC that allows a lower withholding. Similarly, any gain realised on the transfer of the Shares by such “non-resident enterprise” investors is also subject to a 10% PRC income tax if such gain is regarded as income derived from sources within the PRC and we are deemed as a “resident enterprise” in the PRC. As we are required under EIT law to withhold 5% of our dividends payable to our foreign shareholders who are “non-resident enterprises”, the value of your investment in our Shares may be materially adversely affected. It is unclear whether, if we are deemed as a PRC “resident enterprise,” holders of our Shares might be able to claim the benefit of income tax treaties or agreements entered into between the PRC and other countries or regions.

Please refer to the risk headed “The reduced PRC withholding tax rate under the special arrangement between Hong Kong and the PRC may change” below for details of the applicable withholding tax rate.

The reduced PRC withholding tax rate under the special arrangement between Hong Kong and the PRC may change

Under the EIT Law and its implementation regulations, the profits of a foreign-invested enterprise that are distributed to its immediate holding company outside the PRC are subject to a withholding tax rate of 10%. Pursuant to the Arrangement between the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於所得避免雙重徵稅和防止偷稅漏稅的安排) effective from 1 July 2007 in the PRC, this rate is lowered to 5% if a Hong Kong resident enterprise owns more than 25% of the PRC company distributing the dividends.

Approval of the 5% withholding tax rate has been sought from competent local tax authorities, in accordance to the Circular of the State Administration of Taxation on Printing and Issuing the Administrative Measures for Non-resident Individuals and Enterprises Regarding Favourable Treatment Under Taxation Treaties (國家稅務總局關於印發《非居民享受稅收協議待遇管理辦法(試行)》的通知), which was issued by the State Administration of Taxation and became effective on 1 October 2009. However, there is no assurance that the withholding tax rate will remain unchanged in the future, and if so the operating performance of our Group will be adversely affected.

There is no assurance that there is no change in government policy and hence the government grants

On 28 June 2013, our Company obtained the Software Enterprise Verification Certificate (軟件企業認定證書) and was certified as software enterprise. In accordance with the Notice of the Policy on Value-added Tax on Software Products (關於軟件產品增值稅政策的通知) (財稅[2011]100號) jointly issued by the Ministry of Finance and the State Administration of Taxation, an ordinary taxpayer shall be refunded, after subscribing 17% VAT on the income from sale of internally-developed and produced software products, an amount of 14% VAT on such income. For the three years ended 31 March 2017 and the four months ended 31 July 2017, the VAT recoverable to our Company was approximately

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RMB0.2 million, RMB2.0 million, RMB1.9 million and nil respectively. However, there is no assurance that such a policy will continue in the future, nor our Company will continue to be so certified to enjoy such a government grant, i.e. the refund of 14% VAT on such income.

According to Article 30(1) of the EIT Law and Article 95 of the EIT Rules, IBO Shenzhen is eligible to enjoy additional 50% tax deductible allowances for calculating EIT purposes on qualifying research and development expenses for new technology, new products and new production techniques during the Track Record Period. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our Group was entitled to deduction from EIT of approximately nil, RMB2.9 million, nil and nil for our qualified research and development expenses. However, there is no assurance that such a policy will continue in the future, nor the research and development expenses will continue to be qualified for such purpose of deduction.

Furthermore, there is no assurance that there will continue to be a policy of preferential enterprise income tax rate of 15% granted to our operating subsidiary, IBO Shenzhen, even if the “National High and New Technology Enterprise” status of this subsidiary is renewed. There is no guarantee that the mentioned status continues to be a prerequisite of the grant of such a tax relief policy.

Without such preferential tax treatment and government grants, there will be adverse effect on our financial performance as our profit after tax may therefore be reduced.

RISK FACTORS RELATING TO OUR SHARES

There has been no prior public market for our Shares

Prior to the Global Offering, there was no public market for our Shares. The initial issue price range to the public for our Shares was the result of negotiations between us and the Joint Global Coordinations (for themselves and on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. A Listing on the Stock Exchange, however, does not guarantee that an active trading market for the Shares will develop, or if it does develop, will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering.

The market price of our Shares may be volatile, which could result in substantial losses for investors purchasing Shares in the Global Offering

The price and trading volume of our Shares may be volatile and could fluctuate significantly and rapidly in response to, among other things, the following factors, some of which are beyond our Group’s control:

- (a) our financial results;
- (b) changes in securities analysts’ estimates, if any, of our financial performance;
- (c) the history of, and the prospects for, us and the industry in which we compete;

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- (d) an assessment of our management, our past and present operations, and the prospectus for, and timing of, our future revenues and cost structures such as the views of independent research analysts, if any;
- (e) the present state of our development;
- (f) the valuation of publicly traded companies that are engaged in business activities similar to ours;
- (g) variations of our results of operations;
- (h) loss of significant customers or material defaults by our customers;
- (i) announcement by us of significant acquisitions, strategic alliances or joint ventures;
- (j) addition or departure of key personnel;
- (k) involvement in litigation; and
- (l) general economic and stock market conditions.

In addition, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced unusual price and volume fluctuations in recent years, some of which have been unrelated or disproportionate to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the market price of our Shares. As a result, investors in our Shares may experience volatility in the market price of their Shares and a decrease in the value of Shares regardless of our operating performance or prospects.

Shareholders may face difficulties in protecting their interests because we are incorporated under Cayman Companies Law which may provide less protection to minority Shareholders than the laws of Hong Kong and other jurisdictions

We are incorporated in the Cayman Islands as an exempted company and substantially all of our assets are located outside of Hong Kong. Our corporate affairs are governed by our Memorandum and Articles of Association as well as the Cayman Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority Shareholders differ in certain respects from those in Hong Kong and other jurisdictions. Such differences may mean that our minority Shareholders may have less protection than they would otherwise have under the laws of Hong Kong or other jurisdictions.

Sale or perceived sale of a substantial number of Shares in the public market after Listing could materially and adversely affect the market price of the Shares

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

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Immediately following the completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), our Controlling Shareholders will own in aggregate 53.25% of the Shares in issue. Our Controlling Shareholders will therefore have significant influence over the operations and business strategy of our Group, and may have the ability to require our Group to effect corporate actions according to their own desires. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders choose to cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, our Company or those other Shareholders may be adversely affected as a result.

Issue of new Shares under the Share Option Scheme, convertible bonds or any future equity fund raising exercise will have a dilution effect and may affect our profitability

We have conditionally adopted the Share Option Scheme but no option has been or will be granted thereunder prior to the Listing. Any exercise of the options to be granted under the Share Option Scheme in the future will result in a dilution in the shareholding of our Shareholders in our Company and may result in a dilution in the earnings per Share and net asset value per Share. The fair value of the share options at the date on which they are granted with reference to the valuer's valuation will be charged as share-based expense, which may adversely affect our Group's results of operations.

We may require additional funding for future growth

We may be presented with opportunities to expand our business through acquisitions in the future. Under such circumstances, secondary issue(s) of securities after the Listing may be necessary to raise the required capital to capture these growth opportunities. If additional funds are raised by means of issuing new equity securities in the future to new and/or existing Shareholders after the Listing, such new Shares may be priced at a discount to the then prevailing market price. Inevitably, existing Shareholders if not being offered with an opportunity to participate, their shareholding interest in our Company will be diluted. Also, if we fail to utilise the additional funds to generate the expected earnings, this could adversely affect our financial results and in turn exerts pressure to the market price of the Shares. Even if additional funds are raised by means of debt financing, any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

Dividends declared in the past may not be indicative of the dividend policy in the future

Our Group's historical dividend distribution should not be used as a reference or basis to determine the level of dividends that may be declared and paid by our Group in the future. Any declaration of dividends proposed by our Directors and the amount of any such dividends will depend on various factors, including, without limitation, our results of operations, financial condition, future prospects and other factors which our Directors may determine are important. For further details of the dividend policy of our Company, please refer to the section headed "Financial information — Dividend policy" in this prospectus. We cannot guarantee if and when dividends will be paid in the future.

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The actual amount of dividends distributable by our Company may be adversely affected by factors which are beyond our control, including the fluctuation in foreign exchange rates or the change of PRC rules regarding withholding tax on dividends

Dividends declared and paid by our principal operating subsidiary in PRC, namely IBO Shenzhen, are to be in RMB and converted into Hong Kong dollars for remittance to our Company. Therefore, any depreciation of the RMB would reduce the amount of Hong Kong dollars we receive from IBO Shenzhen as dividends. As a result, the actual amount we can declare and pay as dividends to our Shareholders would be reduced.

As mentioned above, we may in the future be deemed as a PRC resident enterprise by the PRC tax authorities for tax purpose. As such, it may be required to withhold PRC income tax on capital gains realised from sales of our Shares and dividends distributed to Shareholders. In this case, our foreign corporate Shareholders who are not deemed as PRC resident enterprise may become subject to a 10% withholding income tax, unless any such foreign corporate Shareholder is qualified for a preferential withholding rate under a tax treaty. If the PRC tax authorities deem us as a PRC resident enterprise, Shareholders who are not PRC tax residents and seek to enjoy preferential tax rates under relevant tax treaties will need to apply to the PRC tax authorities for recognition of eligibility for such benefits in accordance with relevant PRC laws and regulations. If determined to be ineligible for treaty benefits, such a Shareholder would become subject to higher PRC tax rates on capital gains realised from sales of our Shares and on dividends on our Shares. In such circumstances, the value of such Shareholders' investment in our Shares sold in the Global Offering may be materially and adversely affected.

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

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

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements and information that are “forward-looking” and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “expect”, “estimate”, “intend”, “may”, “plan”, “seek”, “should”, “will”, “would” or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations,

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liquidity and capital resources. Investors of our Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although we believe the assumptions on which the forward-looking statements based on are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed “Forward-Looking Statements” in this prospectus for further details.

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

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

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief that, (i) the information contained in this prospectus is accurate and complete in all material respects and is not misleading or deceptive, (ii) there are no other matters the omission of which would make any statement herein or this prospectus misleading and (iii) all opinion expressed in this prospectus have been arrived at after due and careful considerations, and are founded on basis and assumptions that are fair and reasonable.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering 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, our Controlling Shareholders, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners or the Underwriters, any of our or their respective directors, officers, agents, employees or advisers or any other party involved in the Global Offering.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus, and the procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and in the relevant Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us and the Joint Global Coordinators (for itself and on behalf of the Hong Kong Underwriters) agreeing on the Offer Price.

The International Offering will be fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement.

For further information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

If, for any reason, the Offer Price is not agreed among our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangements, please see the section headed "Underwriting" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

RESTRICTIONS ON SALE OF THE OFFER SHARES

Each person subscribing for or purchasing the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or is deemed by his subscription or purchase of Offer Shares, to confirm that he/she/it is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he/she/it is not subscribing for, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

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

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective directors, agents, staff or advisers or any other person involved in the Global Offering.

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

STRUCTURE OF THE GLOBAL OFFERING

Further details of the structure of the Global Offering are set out in the section headed “Structure of the Global Offering” of this prospectus.

STOCK BORROWING ARRANGEMENT

Details of the stock borrowing arrangement are set out in the subsection headed “Stock Borrowing Arrangement” under the section headed “Structure of the Global Offering” in this prospectus.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued as mentioned in this prospectus (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), and any Shares which may fall to be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on or about Thursday, 28 December 2017. Shares will be traded in board lots of 2,000 Shares each. Our Company will not issue any temporary document of title. The Stock Code for the Shares is 2708.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of listing of, and permission to deal in, the Shares on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on 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.

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

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

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to the Shares, you should consult your professional adviser. It is emphasised that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any of their respective directors, agents, officers employees, representatives or advisers (where applicable) or any other persons involved in the Global Offering accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to the Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

All the Offer Shares will be registered on our Company's branch share register to be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited.

Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on the Stock Exchange unless the Stock Exchange otherwise agrees. Dealings in the Shares registered on our branch register of members in Hong Kong will be subject to Hong Kong stamp duty.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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

EXCHANGE RATE CONVERSIONS

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi and Hong Kong dollars. No representation is made and none should be construed as being made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all on such date or any other date. Unless indicated otherwise, the translations between Renminbi and Hong Kong dollars were made at the rate of HK\$1.00 to RMB0.8467, being the PBOC rate prevailing on the Latest Practicable Date.

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and the related stabilisation exercise are set out in the section headed "Structure of the Global Offering" in this prospectus.

PROCEDURE FOR APPLICATION FOR THE HONG KONG OFFER SHARE

The procedure for application for the Hong Kong Offer Shares is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and in the relevant Application Forms.

ROUNDING

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

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translation for your reference only.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Mr. Lai Tse Ming (黎子明先生)	No. 15, Lane 7, Section B Fairview Park, Yuen Long New Territories, Hong Kong	Chinese
Mr. Gao Weilong (高偉龍先生)	Room 15D, Block 3 Shen Yun Cun Nanshan Qu Shenzhen Shi Guangdong Province, PRC	Chinese
Mr. Teng Feng (滕峰先生)	Room 3, 10/F, Block 1 Tianhu Lu, Tianhu Ju Clifford Estates Panyu District Guangzhou Shi Guangdong Province, PRC	Chinese
Mr. Yu Kin Keung (余健強先生)	Flat E, 36/F, Tower 10 Park Central, 9 Tong Tak Street Tseung Kwan O, New Territories Hong Kong	Chinese
Mr. Lyu Huiheng (呂惠恒先生)	15H, Jing Hui Ge Jing Xin Hua Yuan Fu Tian Qu, Shenzhen Shi Guangdong Province, PRC	Chinese
<i>Independent non-executive Directors</i>		
Dr. He Tianxiang (何天翔博士)	Flat H, 29/F, Block 3 Double Cove Phase I 8 Wu Kai Sha Road Wu Kai Sha Ma On Shan New Territories, Hong Kong	Chinese
Dr. Wong Kwok Yan (黃國恩博士)	Room 2, 15/F, Block C Oi Kan House, Tsz Oi Court Tsz Wan Shan Hong Kong	Chinese
Mr. Hung Muk Ming (洪木明先生)	Flat B, 45/F, Block 2 The Pinnacle, 8 Wan Hang Road Tseung Kwan O, New Territories Hong Kong	Chinese

For further information on the profile and background of our Directors, please refer to the section “Directors and Senior Management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor

Innovax Capital Limited

A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Room 2002, 20/F
Chinachem Century Tower
178 Gloucester Road,
Wanchai, Hong Kong

Joint Global Coordinators

Innovax Securities Limited

A licensed corporation to carry out Type 1 (dealing with securities) and Type 4 (advising on securities) regulated activities under the SFO
Unit A–C, 20/F., Neich Tower
128 Gloucester Road
Wanchai, Hong Kong

Fortune (HK) Securities Limited

A licensed corporation to carry out Type 1 (dealing with securities) regulated activity under the SFO
35/F Office Tower
Convention Plaza
No. 1 Harbour Road
Wanchai, Hong Kong

Joint Bookrunners

Innovax Securities Limited

Unit A–C, 20/F., Neich Tower
128 Gloucester Road,
Wanchai, Hong Kong

Fortune (HK) Securities Limited

35/F Office Tower
Convention Plaza
No. 1 Harbour Road
Wanchai, Hong Kong

Joint Lead Managers

Innovax Securities Limited

Unit A-C, 20/F., Neich Tower
128 Gloucester Road
Wanchai, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Fortune (HK) Securities Limited

35/F Office Tower
Convention Plaza
No. 1 Harbour Road
Wanchai, Hong Kong

Ping An Securities Limited

A licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), and Type 9 (asset management) regulated activities under the SFO

Unit 02, 2/F
China Merchants Building
152–155 Connaught Road Central
Hong Kong

Co-managers

Eternal Pearl Securities Limited

A licensed corporation to carry out Type 1 (dealing in securities) and Type 2 (dealing in future contracts) regulated activities under the SFO

19/F, 88 Gloucester Road
Wanchai, Hong Kong

Pulsar Capital Limited

A licensed corporation to carry out Type 1 (dealing with securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Unit 318, 3/F
Shui On Centre
6–8 Harbour Road
Wanchai, Hong Kong

Freeman Securities Limited

A licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO

38/F, Bank of China Tower
1 Garden Road
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Sinolink Securities (Hong Kong) Company Limited

A licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), and Type 9 (asset management) regulated activities under the SFO

Units 2503, 2505–06 25/F
Low Block Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Telecom Digital Securities Limited

A licensed corporation to carry out Type 1 (dealing in securities) and Type 2 (dealing in future contracts) regulated activities under the SFO

Units 3608–12 Tower 2
Metroplaza
223 Hing Fong Road
Kwai Fong, N.T.
Hong Kong

Underwriters

Innovax Securities Limited

Unit A–C, 20/F., Neich Tower
128 Gloucester Road
Wanchai, Hong Kong

Fortune (HK) Securities Limited

35/F Office Tower
Convention Plaza
No. 1 Harbour Road
Wanchai, Hong Kong

Ping An Securities Limited

Unit 02, 2/F, China Merchants Building
152–155 Connaught Road Central
Hong Kong

Eternal Pearl Securities Limited

19/F, 88 Gloucester Road
Wanchai, Hong Kong

Pulsar Capital Limited

Unit 318, 3/F
Shui On Centre
6–8 Harbour Road
Wanchai, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Freeman Securities Limited

38/F, Bank of China Tower
1 Garden Road
Hong Kong

Sinolink Securities (Hong Kong) Company Limited

Units 2503, 2505–06 25/F
Low Block Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Telecom Digital Securities Limited

Units 3608–12 Tower 2
Metroplaza
223 Hing Fong Road
Kwai Fong, N.T.
Hong Kong

Legal advisers to our Company

As to Hong Kong Law

Tung & Co.

Solicitors, Hong Kong
Office 1601, 16th Floor
LHT Tower
31 Queen's Road Central
Hong Kong

As to PRC Law

Haiwen & Partners

Room 2104, Tower Two, Kerry Plaza
1 Zhong Xin Si Road
Futian District, Shenzhen
China 518048

As to PRC Law in respect of LC Financing Arrangements

Tian Yuan Law Firm

10/F, China Pacific Insurance Plaza
28 Fengsheng Hutong
Xicheng District, Beijing
China 100032

As to Cayman Islands Law

Conyers Dill & Pearman

Cayman Islands attorneys-at-law
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING
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**Legal advisers to the Sole Sponsor and
the Underwriters**

As to Hong Kong Law
Stevenson, Wong & Co.
Solicitors, Hong Kong
39/F., Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC Law
Jingtian & Gongcheng
34th Floor, Tower 3, China Central Place
77 Jianguo Road
Chaoyang District
Beijing 100025
China

Reporting accountants

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Compliance adviser

Innovax Capital Limited
Room 2002, 20/F
Chinachem Century Tower
178 Gloucester Road, Wanchai
Hong Kong

Receiving bank

Standard Chartered Bank (Hong Kong) Limited
15/F, Standard Chartered Tower
388 Kwun Tong Road
Kwun Tong
Hong Kong

CORPORATE INFORMATION

Registered Office	Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in the PRC	4/F, Block C, Unis Inforport Langshan Rd 13 Hi-Tech Industrial Park (North) Nanshan Shenzhen, PRC
Principal place of business in Hong Kong	Room 1623, 16th Floor Argyle Centre Phase I 688 Nathan Road Mong Kok, Kowloon Hong Kong
Company secretary	Mr. Pang Chun Yip <i>HKICPA</i> Flat A, 5/F., Lin Fat Building 2 Fung Kwan Street Yuen Long, New Territories Hong Kong
Authorised representatives	Mr. Lai Tse Ming No. 15, Lane 7, Section B Fairview Park, Yuen Long New Territories Hong Kong Mr. Yu Kin Keung <i>CPA Australia</i> Flat E, 36/F, Tower 10 Park Central, 9 Tong Tak Street Tseung Kwan O New Territories Hong Kong
Audit committee	Mr. Hung Muk Ming (<i>Chairman</i>) Dr. He Tianxiang Dr. Wong Kwok Yan
Remuneration committee	Dr. Wong Kwok Yan (<i>Chairman</i>) Mr. Gao Weilong Dr. He Tianxiang
Nomination committee	Mr. Lai Tse Ming (<i>Chairman</i>) Dr. Wong Kwok Yan Mr. Hung Muk Ming

CORPORATE INFORMATION

**Cayman Islands principal share registrar
and transfer office**

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Share Registrar

**Computershare Hong Kong Investor Services
Limited**

Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Principal banks

China Guangfa Bank

1/F., Block B,
China Times Square,
12 Sungang Road, Shenzhen,
PRC

Baosheng County Bank

1/F., Desay Technology Building,
9789 Shennan Road,
Nanshan District, Shenzhen,
PRC

Company's website

www.ibotech.hk

*(The information contained in this website does not
form part of this prospectus)*

INDUSTRY OVERVIEW

The information that appears in this Industry Overview section has been prepared by Frost & Sullivan and reflects estimates of market condition based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Frost & Sullivan should not be considered as the opinion of Frost & Sullivan as to the value of any security or the advisability of investing in our Group. Our Directors believe that the sources of information contained in this Industry Overview section are appropriate sources for such information and have taken reasonable care in reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Frost & Sullivan and set out in this Industry Overview section has not been independently verified by our Group, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters or any other party involved in the Global Offering.

ABOUT THIS SECTION

We commissioned Frost & Sullivan, an independent global consulting company, to provide prospective investors with the relevant material industry information on the China IoT intelligent terminal products, IoT application in city public safety management and “Smart City” industry. The F&S Report is an independent report written by Frost & Sullivan and reflects estimates of market conditions based on publicly available sources and trade opinion surveys. Frost & Sullivan received a total fee of RMB670,000 for the research and preparation of the F&S Report, and our Directors consider that such fee reflects market rates. The payment of such amount was not conditional on our Group’s successful listing or the results of the F&S Report.

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 been covering the Chinese market since the 1990s. Frost & Sullivan has four offices in China and direct access to the knowledgeable experts and market participants in the China IoT, city public safety management and “Smart City” markets and its industry consultants, who have more than three years of experience on average.

RESEARCH METHODOLOGY

The market research process for this study has been undertaken through detailed primary research which involves discussing the status of the industry with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan’s own research database. Projected total market size was obtained from historical data analysis plotted against macroeconomic data as well as specific related industry drivers.

The F&S Report was compiled based on below assumptions:

- (i) The social, economic, and political environments in China is likely to remain stable in the forecast period; and
- (ii) The economy of China is likely to maintain steady growth in the next decade, the GDP growth per year will be around 7%, which promotes the stable increase of investment and consumption in most industries including IoT application in city public safety management and “Smart City” industry that our Group’s business involved.

Interviews with industry experts and market participants are conducted to collect information for the F&S Report, based on best-effort basis. For instances where information is not available, figures based on similar indicators combined with Frost & Sullivan in-house analysis will be deployed to arrive at an estimate.

INDUSTRY OVERVIEW

Our Directors confirm that to the best of their knowledge, after taking reasonable care, there is no material adverse change in the market information since the date of the F&S Report which may qualify, contradict or have an impact on the information in this section.

IOT MARKET IN CHINA

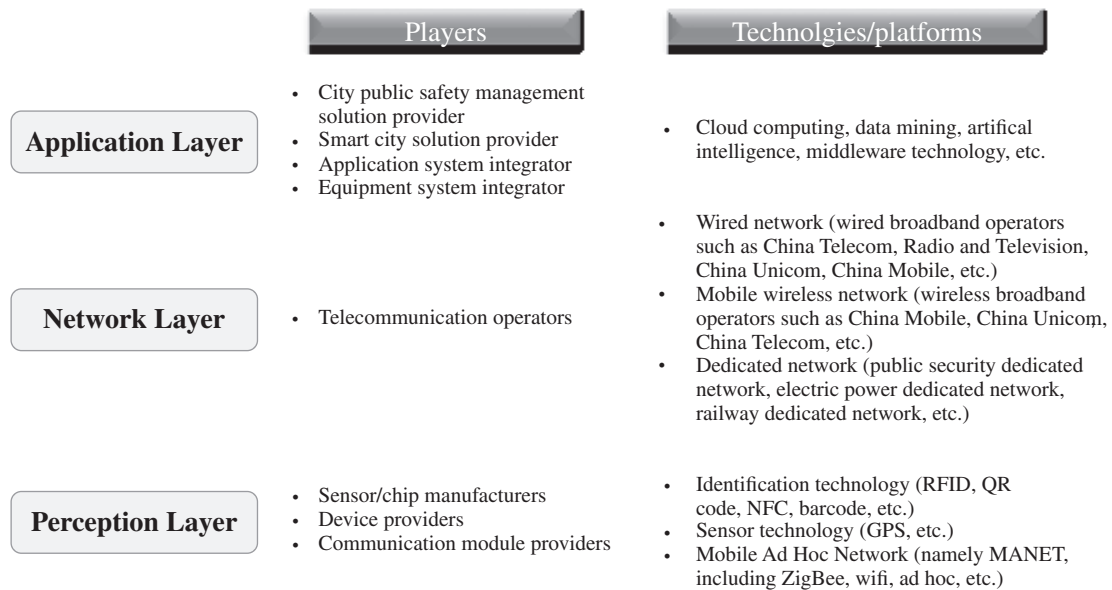
Introduction

IoT refers to a network that realises intelligent identification, positioning, tracking, monitoring and management of targeted objects achieved by exchange of information and communication between such targets and internet *via* intelligent terminal products under predetermined protocol. IoT devices include barcode/QR code reading devices, RFID tags and RFID read-write devices, etc. Some of the IoT devices, such as active RFID tags and devices, can send and receive information by themselves.

Architecture and Value Chain

The architecture of IoT is divided into three layers: perception layer, network layer and application layer. The perception layer is mainly used for collecting data that took place in the physical world, including various characteristics for an object. The network layer is for the transmission of data/information with the help of the wide area network communications systems. The application layer provides the information required by customers.

Chart 1 Architecture of IoT in China



Source: Frost & Sullivan

INDUSTRY OVERVIEW

IoT consists of three layers, namely:

- (i) Perception layer: collect, process and aggregate information. Major participants include suppliers for core perception and control devices (e.g. Sensors, chips, communication modules etc) and equipment suppliers, in which the sensor and chips manufacturers produce force sensors, position sensors and RFID chips. Communication module suppliers provide high-speed wireless modules, ultra-long distance wireless modules, high-power wireless modules etc. Equipment suppliers provide RFID tags, RFID readers, antennas and other equipment.
- (ii) Network layer: perform long-distance transmission of data obtained by perception layer. Major players include internet operators, telecom network operators, radio and television network operators.
- (iii) Application layer: mainly provide services for users with the data collected from perception layer. Major participants include system integrators, operators and service providers. Based on customer requirement, system integrators will provide networking equipment, software and network integration in form of a complete solution to the customer. Operators and service providers offer professional operation and system maintenance services for IoT applications.

Our Group plays the roles of (i) RFID device provider, providing RFID tags, RFID reader, antenna, etc. and (ii) system integrator in the value chain.

Application of IoT

- *City management*

In transportation sector, IoT technology can automatically detect and report the condition of road and avoid the traffic of overloading vehicles. In addition, the IoT system can automatically deploy traffic lights in the road congestion and recommended the best route. In construction sector, through the induction technology, the building lighting can automatically adjust the brightness, to achieve energy saving and environmental protection. Besides, the operation condition of the building can also be sent to the administrator through the IoT.

- *Modern logistics management*

By storing the sensor chip in the logistics commodity, all the process of supply chain including the purchase, manufacture, packaging/loading, stacking, transportation, distribution, sale and service are accurately understood and grasped. The perceptual information and the backstage GIS/GPS database seamlessly integrated into a powerful logistics information network. This wisdom logistics can greatly reduce the cost of manufacturing, logistics and many other industries, improving the profits of enterprises.

- *Asset management*

By bundling RFID tags with specific assets, it can realise the monitoring, management and positioning of each asset at any time and also realise the business functions such as, asset discovery, asset upgrade and asset mobilisation, which greatly improve the work efficiency and accuracy, reduce the overall operating costs of enterprises and the intensity of human work, providing easy and convenient practices.

INDUSTRY OVERVIEW

RFID MARKET IN CHINA

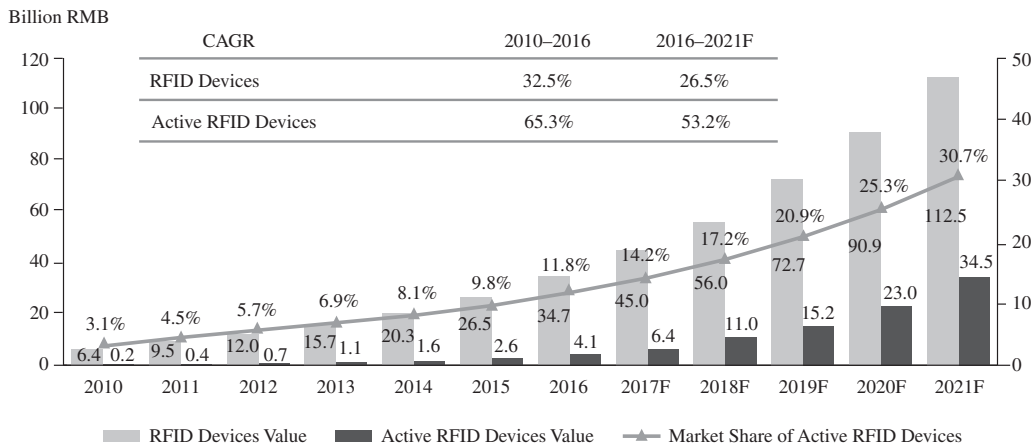
Connection between IoT and RFID

Identification technology, sensor technology and mobile ad hoc network are common technologies used in perception layer of IoT architecture, where RFID is one of the basic and most important identification technologies.

RFID devices include RFID readers and RFID tags. With the use of electromagnetic fields, RFID reader can identify and track the RFID tags and gain access to the electronic information stored in these tags without the need of placing them in line of sight with the reader. Depending on their way to draw power, RFID tags are classified as active tags, passive tags and semi-passive tags. Passive tags account for major share of the total RFID tag market in terms of sales value due to their low price, small size and relatively simple in terms of design and technology.

Market Size of RFID Devices Market by Value in China

Chart 2 RFID Devices Market Size by Value in China, 2010–2021F



Source: Frost & Sullivan

The market size of RFID devices in China grew from RMB6.4 billion in 2010, accounting for 57.7% of RFID market, to RMB34.7 billion, accounting for 64.4% of RFID market in 2016, with a CAGR of 32.5%. It is expected that China RFID devices market will maintain a high growth rate from 2016 to 2021 mainly owing to supportive policies from the PRC government, broader adoption of RFID technology and higher demand for high-end devices. China RFID devices market will increase from RMB34.7 billion in 2016 to RMB112.5 billion in 2021, accounting for 63.1% of RFID market, with a CAGR of 26.5%.

From 2010, the development of IoT industry has been included in national development strategy, the demand for active RFID devices rose continuously, which was driven by the prompting of policies, such as IoT 12th 5-Year Plan (《物聯網「十二五」發展規劃》). The market size of China active RFID devices market went up from RMB0.2 billion, accounting for 3.1% of RFID devices market, in 2010, to RMB4.1 billion, accounting for 11.8% of RFID devices market, in 2016 with a CAGR of 65.3%.

The active RFID devices have many advantages over passive devices, such as larger data transmission volume, longer transmission distance, better compatibility and larger data storage in tag, the most important is that it can transmit data actively. However, before 2010, the technology of active RFID devices was not mature and active RFID tag relied on battery for power and was more costly, the market size of active RFID was relatively small. However, with the emergence of low frequency triggering electronic tags and the application of button batteries and print battery with lower energy consumption, the constraints of active RFID tags will be gradually addressed. Generally, active RFID products are more expensive and profitable than passive ones.

INDUSTRY OVERVIEW

Moreover, despite the current RFID standards vary in different countries, with the large-scale application of RFID in the global logistics, transportation industry, the unification of RFID standards has become the industry consensus. After the unification of RFID standard, active RFID devices will have broader application in the future. It is estimated that the market size will reach RMB34.5 billion, accounting for 30.7% of the RFID device market, in 2021 with a CAGR of 53.2%, at a much faster rate than passive RFID devices.

Passive RFID tags are relatively standardised and passive tags products from different suppliers are compatible with each other, which means passive RFID tags produced by one supplier are compatible with the readers produced by other suppliers. However, active tags products are very exclusive between each other, namely active tags from one supplier are only compatible with the readers produced by the same supplier. Therefore, active tags produced by our Group are of high peculiarity. In addition, as active RFID products are consisted of more components such as battery and communication chips, they can allow more customization such as integration with RFID sensory devices etc.

Customised RFID products generally sell at much higher prices than standardised RFID products. Gross profit margin depends on the type and depth of customisation done. High level of customisation would increase selling price as well as increase gross profit margin to above 50%.

Competitive Landscape of Active RFID Devices Market in China

Key players in active RFID devices market can be divided into two types: one is large-size players with comprehensive product lines, and the other is medium to small-size players which focus on active RFID device products.

- Large-sized players in China active RFID devices market are in the leading position with advanced technology, strong production capacity and coverage of multiple types of products. They have strong advantage on providing multiple kinds of RFID devices, such as active RFID devices, semi-passive RFID devices and passive RFID devices.
- In general, medium to small-size players only focus on active RFID devices, concentrating more on research and development of active RFID technology. They are more flexible to customise products.

The active RFID devices market in China was in fierce competition in recent years, with around 1,100 participants by the end of 2016. Currently, although the demand for active RFID devices is not large, players in active RFID devices market are positively preparing for large-scale application of active RFID in the near future. Lower technical threshold enables more small players to enter this market. Thus, companies without research and development and innovation capabilities would be likely eliminated as continuously advanced technology and differentiated products are highly valued in the industry.

Key barrier to enter active RFID devices market is technology barrier. In order to guarantee adequate reading distance, high technology level is needed by active RFID devices manufacturers. Besides, active RFID devices manufacturers need to update their products timely so as to fit different customer requirements.

There are over hundreds players performing customisation, among which less than 10 corporations was engaged in higher level of customisation. Low level of customisation includes design of protective cases etc. Higher level of customisation includes long transmissible distance, water resistance, embedded software, explosion-proof, significant reduction of battery usage and diffraction.

INDUSTRY OVERVIEW

Chart 3 Top 5 Active RFID Devices Providers in China, 2016

Ranking	Company	Sales Revenue* Related to Active RFID Devices Market (mn RMB)	Market Share
1	Company A	180.2	4.40%
2	Company B	150.6	3.67%
3	Company C	120.5	2.94%
4	Our Group	32.8	0.80%
5	Company D	20.7	0.50%

**Notes: All the revenue for the year ended 31 December 2016 above was estimated based on their respective financial year, and the revenue of our Group is from management account provided by our Group*

Company A is a high-tech company which is principally engaged in the production of 2.4GHz active RFID-related products.

Company B is a company is a professional manufacturer 2.45GHz active RFIDs which are widely used in aerospace, defense and civilian security sectors.

Company C is a company which focuses on providing active RFID devices for intelligent transportation market, including RFID electronic license plate system, multi-lane free flow system, and intelligent parking system.

Company D is a listed hi-tech incorporated company specializing in R&D, manufacturing, marketing, technical support of electronic certificate, RFID tag system solution, urban easy card, expressway tolling.

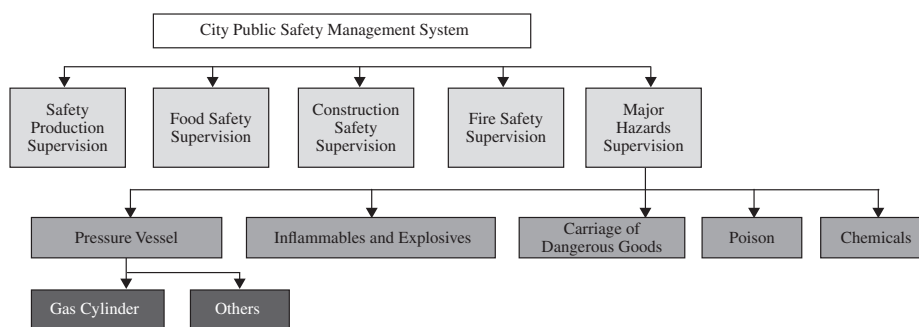
Source: Frost & Sullivan.

CITY PUBLIC SAFETY MANAGEMENT MARKET IN CHINA

Introduction of IoT in City Public Safety Management Market

IoT in city public safety management market refers to systematically designed management strategies implemented by the city governors and other public organisations with IoT technology to control and prevent a wide range of accidents, disasters events and crisis accidents or to protect the safety of lives and properties of the people, so as to minimise the damage and economic loss of the society. The gas cylinder supervision and safety production supervision are two sub-segments under city public safety management.

Chart 4 Segments of City Public Safety Management Market in China



Source: Frost & Sullivan

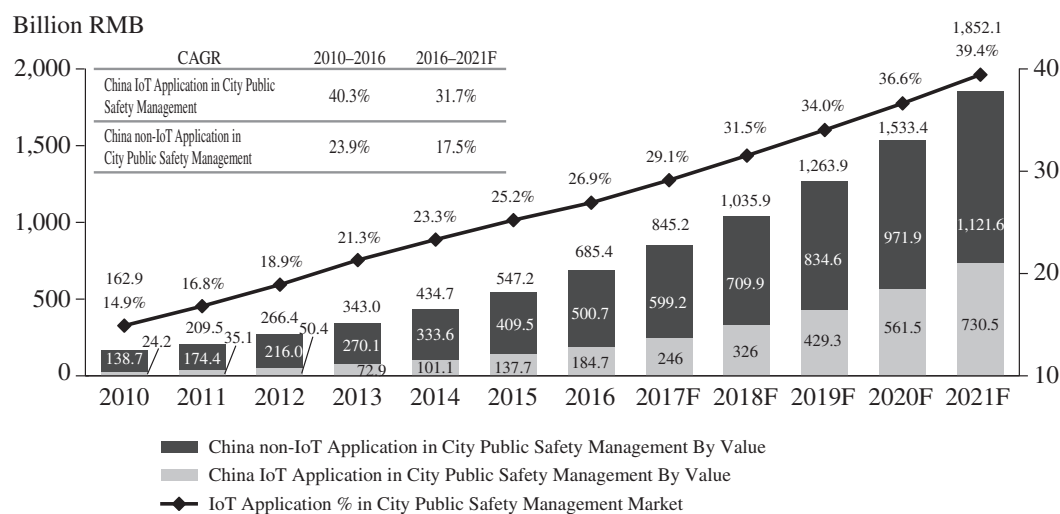
Market Size of IoT in City Public Safety Management Market by Sales Revenue in China

From 2010 to 2016, the market size of IoT application in city public safety management market increased from RMB24.2 billion to RMB184.7 billion with a CAGR of 40.3%. From 2016 to 2021, as IoT technology will be further developed and applied extensively in the public safety market, the market size of IoT in city public safety management market is expected to grow to RMB730.5 billion with a CAGR of 31.7%.

INDUSTRY OVERVIEW

The share of IoT application in city public safety management market increased from 14.9% in 2010 to 26.9% in 2016. With the release of the 12th Five-Year Plan (《物聯網「十二五」發展規劃》) in 2011 and 13th Five-Year Plan (《物聯網「十三五」發展規劃》) in 2016 which strongly supported IoT development, and propelled by technology innovation, the market share of IoT application in city public safety management market is expected to reach 39.4% in 2021.

Chart 5 Market Size of IoT Application in City Public Safety Management Market by Sales Value in China, 2010–2021F



Source: Frost & Sullivan

Key Drivers of IoT Application in City Public Safety Management Market in China

Increasing Domestic Demand. With the rapid economy transformation and the development of the society, the city public safety management issues become increasingly prominent in China. IoT, especially RFID technology, is playing a crucial role in this regard. China has a remarkable achievement in the early stage of construction of RFID application in public service system, middleware, systems integration, information integration and testing, etc. Moreover, the establishment of the National RFID Test Center has been included in the science and technology development plan, which lays a solid foundation for the development of IoT application in city public safety management market.

Technological Innovations. Since 2010, with the global economic recovery and the industrial development, RFID technology has become more mature and helped to boost economic growth in the information technology industry. It therefore received increasing investment attention and technological supports.

Government Supports. National ministries of China issued a number of favourable policies to support the research and development of RFID. In 2014, multiple national departments jointly formulated the Notice of Publishing 10 IoT Development Action Plan (《十個物聯網發展專項行動規劃》). In 2013, the National Development and Reform Commission published the Guidance on Promoting the Orderly and Healthy Development of IoT (《推進物聯網有序健康發展的指導意見》) by the State Council. The policies released by the government made clear that IoT development had been put in a very important position in China, and required IoT market to achieve large-scale application.

Definition of IoT Application in Gas Cylinder Supervision Market

RFID application in gas cylinder supervision is an effective electronic management system for gas cylinders to eliminate the security risks caused by the use of defective cylinders. It is accomplished by applying a RFID tag to each gas cylinder for assigning a unique serial number, which can be read by the matched read-write equipment.

INDUSTRY OVERVIEW

Key Process of IoT Application in Gas Cylinder Supervision Market

Gas cylinder supervision is divided into four categories, namely production management, storage management, transportation management and usage management. In production management process, each gas cylinder is installed with an RFID electronic tag, through which the gas cylinder can be accurately recognised and confirmed. In storage management, transportation management and usage management processes, the dynamic information of the cylinders can be recorded and updated in the RFID electronic tag and stored in the database server. Enterprises and government regulators can check the information at any time.

Market Size of IoT Application in Gas Cylinder Supervision Market by Sales Value in China

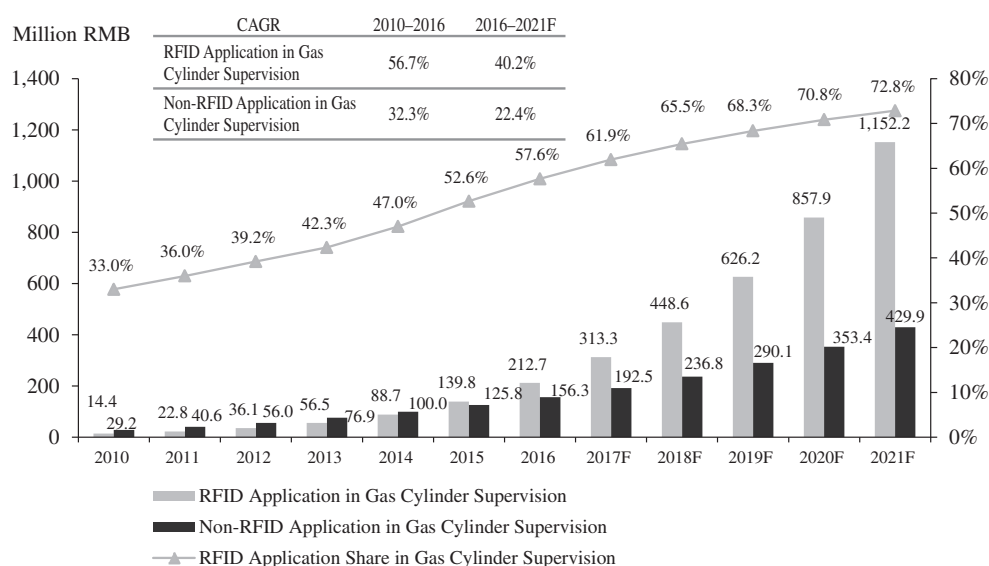
The total market value for gas cylinder supervision includes: market value for gas cylinders that are already with supervision and potential market value for gas cylinders which are not supervised yet. The market value for gas cylinders that are already with supervision increased from RMB43.5 million in 2010 to RMB368.9 million in 2016 with a CAGR of 42.8%, and will reach RMB1,582.0 million in 2021 with a CAGR of 33.8% due to more emphasis put on gas cylinder supervision by both government and enterprises. The market value for gas cylinders which are not supervised increased from RMB879.2 million in 2010 to RMB3,263.5 million in 2016 with a CAGR of 24.4%, and will reach RMB8,225.9 million in 2021 with a CAGR of 20.3%. There are higher demand for gas cylinder supervision in the future as the usage of gas cylinders increases.

The gas cylinders supervision market can be further divided into two parts, one is regulated by RFID technology, and the other is regulated by non-RFID technology, such as barcode, QR code, gas cylinder steel seal, etc.

As the PRC government enacted a series of laws and regulations with regard to gas cylinder supervision and development of IoT market in recent years, such as “Opinions on Accelerating the Construction of Important Product Tracking System” (《關於加快推進重要產品追溯體系建設的意見》) and requirement of “Actively promote informative construction of IoT and reinforce safety management of enterprises” (《積極促進物聯網建設及加強企業安全管理》), the market size of RFID application in the field of gas cylinder supervision will develop rapidly.

The RFID market size for gas cylinder supervision market in China grew from RMB14.4 million in 2010 to RMB212.7 million in 2016 with a CAGR of 56.7% and is estimated to reach RMB1,152.2 million in 2021 with a CAGR of 40.2%. Meanwhile, the share of RFID application in gas cylinder supervision has also seen a growth from 33.0% in 2010 to 57.6% in 2016, which is expected to grow to 72.8% in 2021.

Chart 6 Market Size of RFID Application in Gas Cylinder Supervision Market by Sales Value in China, 2010–2021F



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Technical Service Market In Safety Production In China

Definition of Technical Service in Safety Production

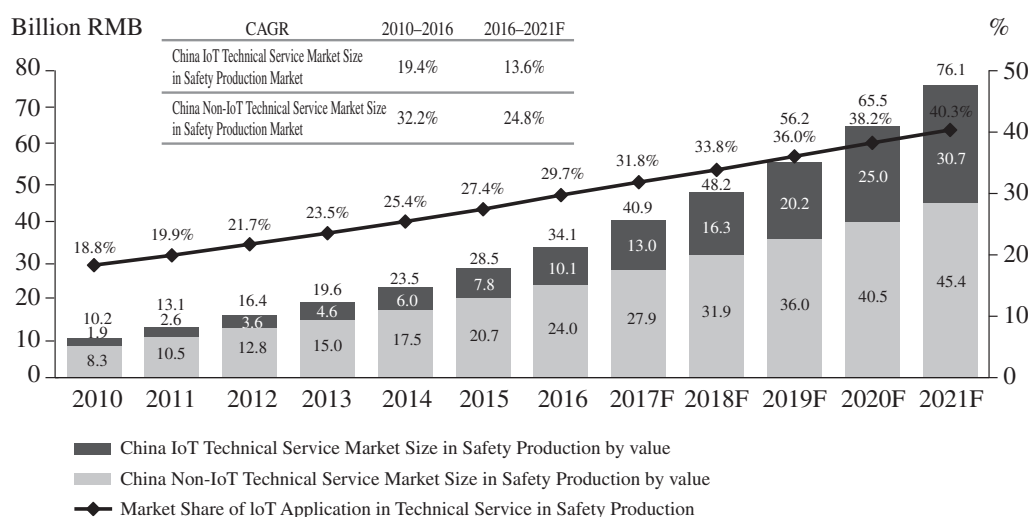
The safety production is another sub-segment under city public safety management. Safety production refers to appropriate accident prevention and control measures that have been adopted in the production and business activities in order to avoid personal injury and property, and the purpose is to ensure the safety of employees and ensure smooth production and business activities could be carried.

Market Size of Technical Service in Safety Production Market in China

The policies published by government and demand from industrial users drive safety production market in China to grow in recent years. As a result, total technical service of this market went up from RMB10.2 billion in 2010 to RMB34.1 billion in 2016 with a CAGR of 22.3%.

From the beginning, the investment of safety production market mainly focused on hardware and infrastructure. As the deployment of hardware and infrastructure becomes more mature, more emphasis is putting on software development and technical services, which will lead future development of this market. It is estimated that total technical service market size of safety production will reach RMB76.1 billion in 2021 with a CAGR of 17.4%.

Chart 7 Market Size of Technical Service in Safety Production Market by Sales Value in China, 2010–2021F



Source: Frost & Sullivan

Competitive Landscape of Technical Service in Safety Production Market

Compared to developed countries, the safety production market in China is still in the infant stage. Generally, the ratio of safety production output value to GDP of developed countries is about 3% to 6%, while the ratio of China is only less than 1%, the gap of safety production output between developed countries and China is large.

From 2010, the safety production market began to develop quickly. On one hand, safety production industry gradually played more important role among all kinds of industries, on the other hand, the safety production market is becoming more concentrated, which led the further development of this industry.

Key players in this market are medium to large-sized companies with extensive experience in technical service in safety production market.

INDUSTRY OVERVIEW

With the increasing demand for safety production, both government and enterprises pay more attention to the safety production, and invest more on technical services in safety production to make sure the safety production supervision system is safe and effective. Currently, technical service providers in China gradually become clustered. The Western Security Industrial Base, Xuzhou National Security Science and Technology Industrial Park, etc. have been set up, which help to improve regional competitiveness and promote sustainable development of technical service in safety production.

Although the technical service in safety production has large potential, there are still a series of problems need to be solved. One of the most important problems is the lack of supportive policies. Besides, the core technology is still premature compared to that of developed countries.

In the future, technical service in safety production market needs to be further developed in terms of technology level to provide more safe and intelligent service.

Development Outlook of RFID Application in City Public Safety Management Market

Expanding Application in Different Areas

In addition to safe production and major hazards supervision, IoT technology represented by RFID will be more widely applied in different area of city public safety management market, such as food safety supervision and construction safety supervision. RFID-based technology can realize the entire life cycle management of food, including tracking, feedback, query, archive and management. Consumers and regulators can efficiently and instantly access to product information, monitor the pollution of breeding source and additives and harmful substances in production, so as to provide effective assessment for the risks in food circulation. In the construction area, the use of RFID can facilitate the management of construction materials by automatically managing the information of manufacturers, batches, quality control and efficient monitoring of the distribution of materials which reduce human error and labor costs.

RFID Technology Would Get Wider Application

With the gradually deepening application of RFID technology in city public safety management, active RFID would get more opportunities. The active RFID has higher accuracy, long-distance transmission and can be connected to the sensor to meet multi-level requirements. For example, in construction area, apart from recording the specific information for concrete material, active RFID can also accurately monitored the curing process by connecting with temperature sensor in the concrete. Also, in a semi-closed or fully enclosed environment, active RFID technology is unimpeded, which has been proven in years in the application of personnel positioning in coal mine.

Expanding Business of Industry Participants

Currently, most products available in the market focus on limited aspects of city public safety management market. And in other areas of city public safety management, such as food safety monitoring, fire safety monitoring, etc. also have great space for development. Leading players with mature products solutions would expand their business to other areas to create achieve further growth.

“SMART CITY” MARKET IN CHINA

Inter-relationship between city public safety management, IoT and “Smart City”

The relationship between city public safety management, IoT and “Smart City” is illustrated below.

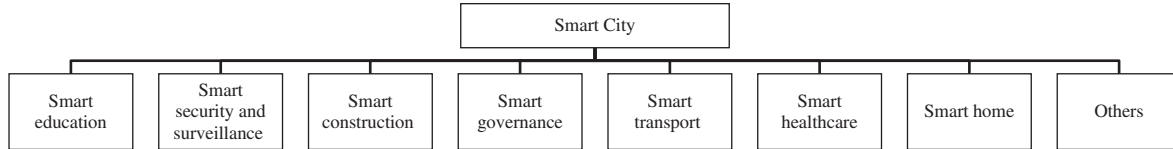
“Smart City” is an extension of the use of the IoT technology, which is used not only in the city public safety management area but also to other management areas such as transport, industrial production and logistics etc.

INDUSTRY OVERVIEW

Coverage of “Smart City”

The application system of “Smart City” is closely related to the development of the city and the people’s life, including smart manufacturing, smart energy, smart public service, etc.

Chart 8 Segments of “Smart City” Market



Source: Frost & Sullivan

Application of “Smart City”

Smart transport. Smart transport is to make use of the new generation of information technology such as IoT, space perception, cloud computing and mobile internet in transportation sector, combing the theory and tools of traffic science, system method, artificial intelligence and knowledge mining, creating real-time dynamic information service system. Through mining traffic-related data, the transport industry will achieve optimisation of resource allocation, enhancement of public decision-making capacity, industry management and public service capabilities.

Smart healthcare. In the field of medical and health, RFID as the representative of the automatic identification technology can help hospitals to achieve continuous monitoring of patients, including heart rate, physical exertion, glucose intake, blood pressure and other life index. The IoT system will record them into electronic health documents and enable the sharing the medical records.

Smart education. The smart education is the government-led modern education information service system participated by schools and enterprise. The system is an open campus consisted of cloud computing, IoT, the Internet, digital courseware and public service platform. With the use of the system, high quality and personalised learning could be experienced at anytime, anywhere with computer, digital TV, mobile phones and other cloud devices.

In general, “Smart City” requires application of advanced digital technology, information and communication technology to detect, analyse and integrate the core operating information of a city to connect people, information and city elements, creating an integrated, sustainable, safe and smart lifestyle for citizens and enhance their quality of life.

Operation Model

PPP (Public Private Partnership) refers to the partnership model between public government sector and private institution sector that both sector engaged in a certain government project work in cooperation to produce and provide service. In particular, most of the projects relate to Infrastructure construction or management. The public sector usually transfers the construction, expansion or reconstruction of infrastructure to the private sector according to the contract. The private sector is authorized to provide service and make profit using the infrastructure under the guidance of public sector in a certain contract period. After the contract expires, the private sector transfers the infrastructure to the public sector.

The PPP model has become very popular in recent years. For the governments, the PPP model can ease the fiscal burden and set them free from the troublesome task of construction and turn their attention to supervise the implementation of infrastructure projects. For the private institutions, they can reduce the difficulty in the project financing under the support of the government and reduce the financing cost of the private institutions which increase the net income for them.

INDUSTRY OVERVIEW

The PPP model is currently the predominant mode of cooperation for projects. PPP is a venture between government and private sector to fund and operate in a project. China “Smart City” PPP project usually involves multiple parties for funding, execution and operations. In general, it is common for private entity to set up a SPV in form of a limited company to undertake the management and execution of “Smart City” development projects. Meanwhile, SPV plays a key role in the whole model due to the financing capability and execution, thus lower the financial risks on the government end.

Depending on the needs of the PPP projects and the terms of cooperation between the government and the private entities, some PPP projects may involve concessionary arrangement whereby the SPV or the private entity will be responsible for the operation of the PPP project and earnings would depend on the operational results. Below set forth the different payment mechanism commonly used in PPP projects:

Without concessionary arrangement	Government payment	<ol style="list-style-type: none"> 1. Availability payment <ul style="list-style-type: none"> ● Payment depends on whether facilities or services fulfilled the agreed performance specifications. ● Payment commence once the performance specifications are fulfilled. 2. Performance payment <ul style="list-style-type: none"> ● Payments based on the key performance indicators of goods or services during the operation period. 3. Usage payment <ul style="list-style-type: none"> ● Payments are made based on the actual usage of facilities or services provided.
With concessionary arrangement	User charge Viability gap funding	<p>End-users pay for public goods and services directly.</p> <p>When user fees cannot cover the costs and make the project commercially viable, government pays a certain amount of payments to compensate the gap between costs and reasonable returns.</p>

MARKET SIZE OF “SMART CITY” MARKET IN CHINA

Market Size of “Smart City” Market in China by Total Investment Value

China “Smart City” market size by total investment value, including infrastructure, hardware and software, had increased significantly from RMB376.6 billion in 2010 to RMB1,114.3 billion in 2016, representing a CAGR of 19.8%. The rapid growth is attributed to the government support and announcement of pilot for “Smart City” projects at country level during the historical period.

Due to the continued support of government and increasing participation of social capital, it is expected that the “Smart City” market will continue the trend of robust growth in forecast period at a CAGR of 22.6% and reach RMB3,091.6 billion in 2021.

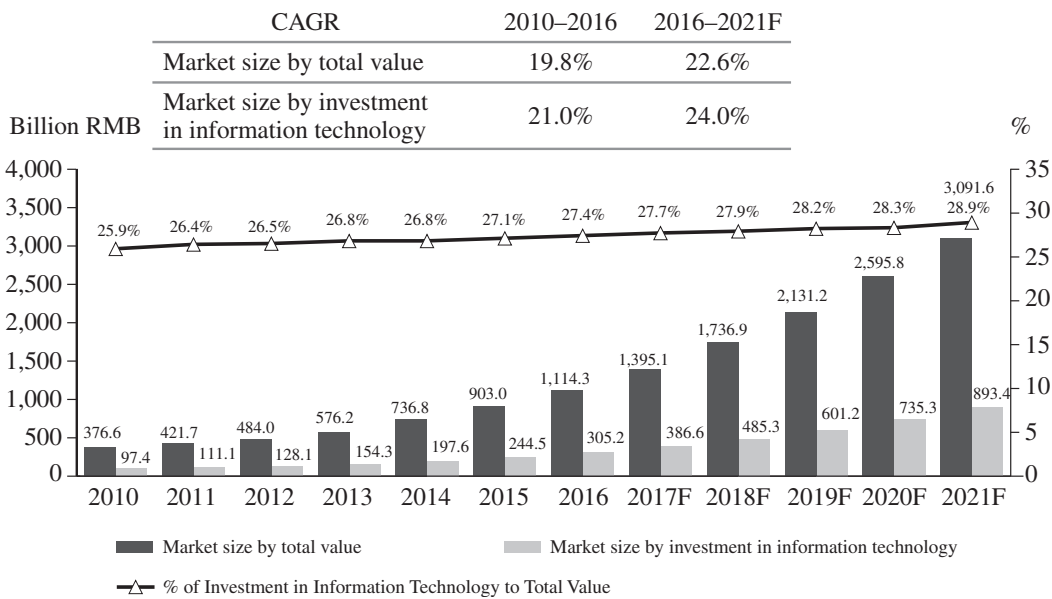
INDUSTRY OVERVIEW

Market Size of “Smart City” Market in China by Investment in Information Technology

As driven by government policy and regulation for “Smart City” development, China “Smart City” market by investment value in information technology (including information technology related solution and services) had recorded a rapid growth from RMB97.4 billion in 2010 to RMB305.2 billion in 2016, representing a CAGR of 21.0%. Due to significant investment required for pilot as well as research and development, investment value in information technology in China for “Smart City” development is expected to grow at a higher CAGR of 24.0% and reach RMB893.4 billion in 2021.

In addition, the share of value of investment in information technology increased from 25.9% in 2010 to 27.4% in 2016, and is expected to reach 28.9% in 2021.

Chart 9 China “Smart City” Market Size by Total Investment Value and by Value of Investment in Information Technology, 2010–2021F

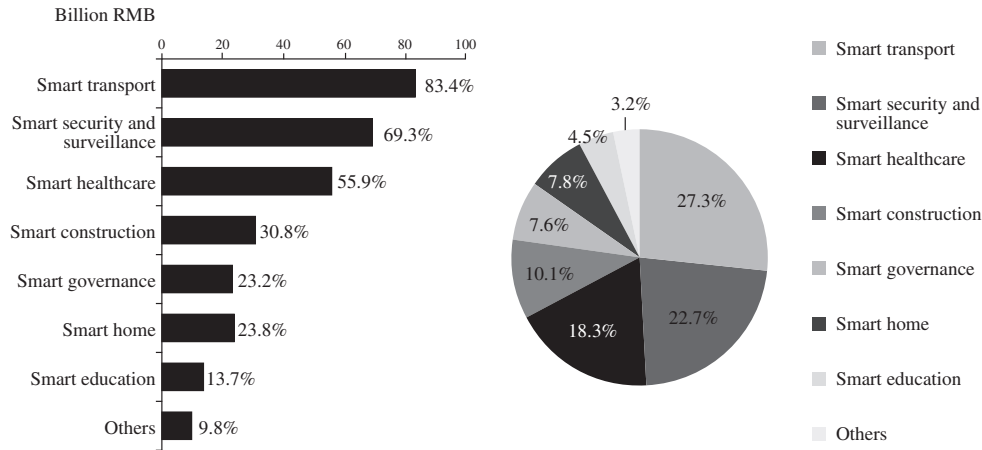


Source: Frost & Sullivan

Smart transport was the leading segment of China “Smart City” market by investment value in information technology with an amount of RMB83.4 billion invested in 2016, representing a share of 27.3% of the total value of investment in information technology in “Smart City”, followed by smart security and surveillance and smart healthcare with investment values in information technology of RMB69.3 billion and RMB55.9 billion respectively, representing shares of 22.7% and 18.3% respectively of the total value of investment in information technology in “Smart City”.

INDUSTRY OVERVIEW

Chart 10 Market Size of Key Segments in China “Smart City” Market by Sales Value of Investment in Information Technology, 2016



Source: Frost & Sullivan

KEY DRIVERS OF THE “SMART CITY” MARKET IN CHINA

Key drivers of the “Smart City” market in China include supportive initiatives from the government, track record and experience from pilot cases, partnership with foreign countries.

Supportive Initiatives from the Government. The government had issued different specific plans and guidance to regulate and expedite the development of “Smart City”, For example, The State Council (國務院) had issued National new-type Urbanisation Plan (2014–2020) (國家新型城鎮化規劃(2014–2020年)) in 2014, highlighting the “six directions” for development of smart cities, including broadband information and communication network, digitalisation of planning and management, smart infrastructure, convenient public services, development of modern industry, and meticulous social governance. Eight Ministries including National Development and Reform Commission (八部委包括國家發展和改革委員會) issued Guiding Advice on Promoting the Healthy Development of Smart Cities (關於促進智慧城市健康發展的指導意見) in 2014 to regulate and promote the development of smart cities gradually from pilot to other areas of applications (e.g. smart transport, smart healthcare).

Track Record and Experience from Pilot Cases. In 2015, it had been estimated that there were over 500 “Smart City” pilot points in China and the projects were closely monitored and evaluated by the responsible departments. Some projects had already shown a satisfactory result after implementation of “Smart City” development plan. One of the successful pilot cases was in Shanghai where a high coverage of WLAN (Wireless Local Area Network), Fiber To The Home and number of users for IPTV (Internet Protocol Television) were achieved in 2012. It is expected that over 100 pilot points will be launched in China from 2016 to 2020. Hence, with the continuous evaluation of pilot projects, the government and related solution providers may gain experience for full implementation of “Smart City” projects in future, leading to the rapid growth in China “Smart City” market.

Partnership with Foreign Countries. In 2013, China and the EU had launched “EU-China Smart and Green City Cooperation” with 15 pilot cities selected from each side for comparative study and the white paper of comparative analysis was published in 2014. In March 2016, China had signed memorandum of understanding (MOU) with an organisation in United Kingdom for urban innovation, which supports the change of development model, investment and involvement of enterprises for the growth of “Smart City” in the respective countries. Trending globalisation will likely boost the expansion of “Smart City” in China in terms of project investment, scale, technology and applications. On the other hand, the National Development and Reform Commission had initiated the study regarding the integration of “Smart City” development with “Belt-and-Road” countries in 2015. As a result, development of “Smart City” in China is promoted through partnership with foreign countries.

INDUSTRY OVERVIEW

COMPETITIVE LANDSCAPE

The “Smart City” market in China is fragmented and featured with different levels of participants offering various products including hardware, software, solutions and operation services. With the implementation of “Information System Integration And Service Qualification” (信息系統集成與服務資質) in 2015, enterprises engaged in the business of information system integration shall pass the assessment under the plan and obtain related certificates. The grading system of qualification is divided into 4 grades based on the scale of enterprises and companies. As in the end of 2016, there were 8,339 qualified enterprises in the Qualification for System Integration (系統集成資質) in China, while first grade and second grade enterprises accounted for 2.7% and 8.7% respectively of enterprises in the system, while majority are third grade enterprise which accounted for 51.2% of certified enterprises. Our Group is one of the 724 second grade enterprises under the qualification system.

Key players in China “Smart City” market are usually required to have a high level of technology, ability to take up funding obligation, strong business relationship with different parties, capability for operation and maintenance and experience in project management. Partnership with key players and different level of cooperation from leading corporations are also market norms due to higher projects requirements and increasing project scale. Partnership and cooperation with other players offer a series of advantages including extended development capability, better division of labour, technical support, additional funding, project management experience, which enables the smooth and efficient project execution and subsequent operation of related product and services. As the market is currently under a robust growth, players with successful track record in their respective products and services (e.g. social media, e-commerce, search engine, and IT solution) are more capable to undertake large scale “Smart City” development projects from the government and major contractors.

Development Outlook of RFID Application in “Smart City” Market

Expanding Application in Different Areas

IoT technology has been widely used in smart city, including education, security, construction, government, transportation, medical and other areas. In the future, IoT technology will be applied in more areas. For example, in retail market, retailers want to use RFID to track a single product and achieve more value without the need to re-establish the management system. RFID technology has a large potential in the retail industry.

Growing Opportunities of Active RFID Technology

As active RFID technology support long-range automatic identification, it will be more widely used in the field of smart prisons, smart hospitals, smart parking, etc. Moreover, the improvement of materials has greatly extended its service life span and the new battery technology will undoubtedly help to reduce the size of active RFID, which will promote the diverse application of active RFID.

COMPETITIVE ADVANTAGES

Financing and Execution Capability. Our Group is capable to set up SPV for financing of “Smart City” projects and to undertake multiple roles for project development and maintenance. Thus, our Group has advantage over other enterprises participating in the projects solely through investment. In addition, our Group also enjoys wide source of revenue from projects through participation as a cooperative partner and offer system maintenance services.

Comprehensive Technology. Our Group is a National High and New Technology Enterprise (國家高新技術企業) in Shenzhen and has acquired Grade II in Information System Integration and Services Qualification Certification in China. Our Group has a comprehensive research and development capability for hardware and software as well as strong technical service capability and experience in management. Based on these advantages, Our Group may also work with other partners in projects and achieve a successful accomplishment in “Smart City” development projects.

INDUSTRY OVERVIEW

Abundant Project and Product Development Experience. With the proposed legislation for Institutionalisation of PPP, previous experience in solution development becomes an important selection criterion for contract award of “Smart City” projects by the government. The successful record in implementing solution and system integration projects together with years of experience in product design and development in area of IoT, in particular public security and surveillance related solutions, serve as a strong support to our Group for future growth in “Smart City” development business. For examples, our Group has owned 2 invention patents, 10 utility model patents, 5 design patents, 26 computer software copyrights, 16 trademark rights and 11 explosion protection certificate of conformity. While the other small scale competitors may not have such record of patents and development capabilities.

Partnership with Key Players. Our Group has been working with some leading corporations and serving key clients such as a large-scale state-owned petroleum enterprise in different development projects. Such partnership would serve as a key advantage for our Group to engage in “Smart City” development which requires multiple parties for funding, project design and execution, operation and maintenance for end products and services. With the successful track record in area of city public safety management, our Group has formed strategic alliances with leading large scale information and technology companies such as a listed state-owned enterprise engaged in information technology industry and energy, environmental industry and has been working with a state-owned high-tech enterprise on its first “Smart City” project for constructing the intelligent transportation system in the capital cities of the autonomous region which proves the capability of our Group in “Smart City” development projects.

Capability for System Maintenance. Apart from product and solutions development, our Group is capable of providing system maintenance services for information system while some small equipment suppliers are unable to provide such services in a long run due to financial constraints and limited operation scale. For instances, our Group has undertaken the Petrol Filling IC Card System development for a large-scale state-owned petroleum enterprise and the system has been operating in over approximately 2,400 gas stations in China, with approximately 3 million of petrol filling IC cards issued since 2002. Thus the capability of offering system maintenance services serves as a competitive strength of our Group as various components of “Smart City” are inter-connected and relies on a long term backend support for smooth operation.

COST STRUCTURE ANALYSIS

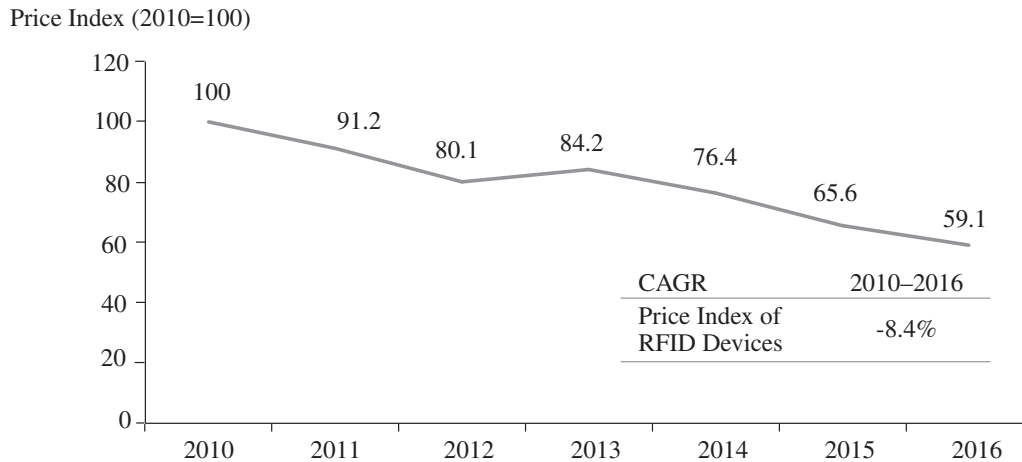
Price Trend of Key Products

Due to the reduction in cost, the price of RFID devices in China has shown a declining trend over the past few years. As shown in chart 12, the price index of RFID devices in China has decreased from 100 in 2010 to 59.1 in 2016, representing a CAGR of -8.4%.

It is normal in the industry that the purchase of a large quantity of RFID products allows the customers to ask for a cheaper unit price.

INDUSTRY OVERVIEW

Chart 11 Price Index of RFID Devices, China, 2010–2016

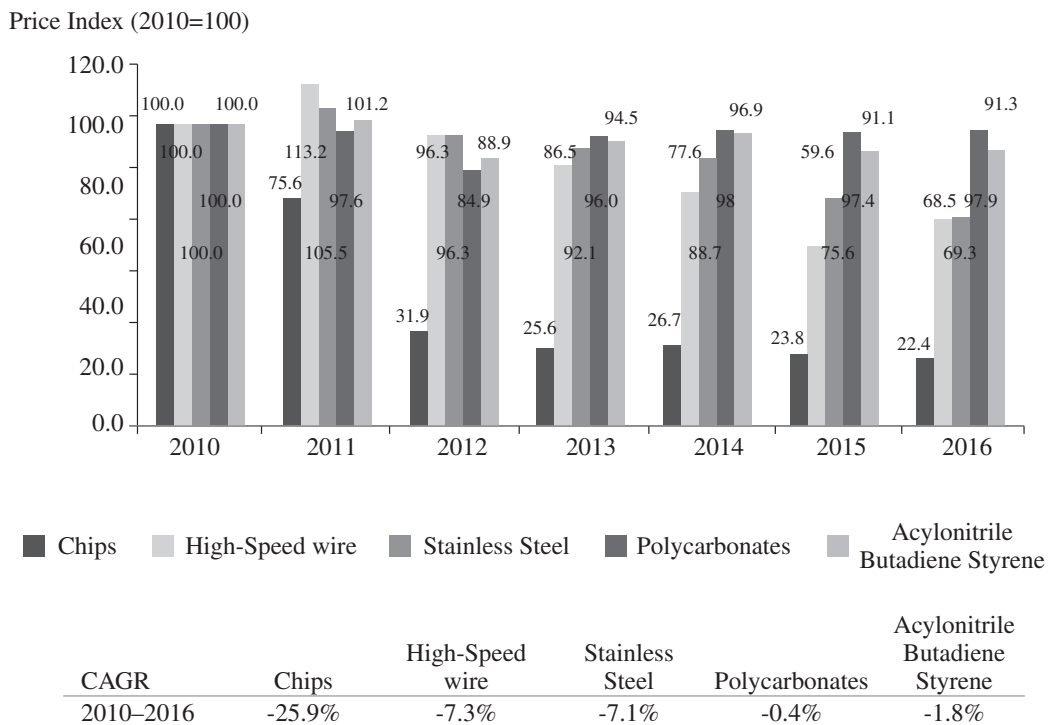


Source: Frost & Sullivan

Raw Material Cost

The chart below sets forth the price trend of major raw materials used by our Group, including chips, high-speed wire, stainless steel, polycarbonates (PC) and acrylonitrile butadiene styrene (ABS) for casing. As shown in chart 13, the price of key raw material had shown a declining trend over the past five years.

Chart 12 Price Index of Key Raw Material, China, 2010–2016



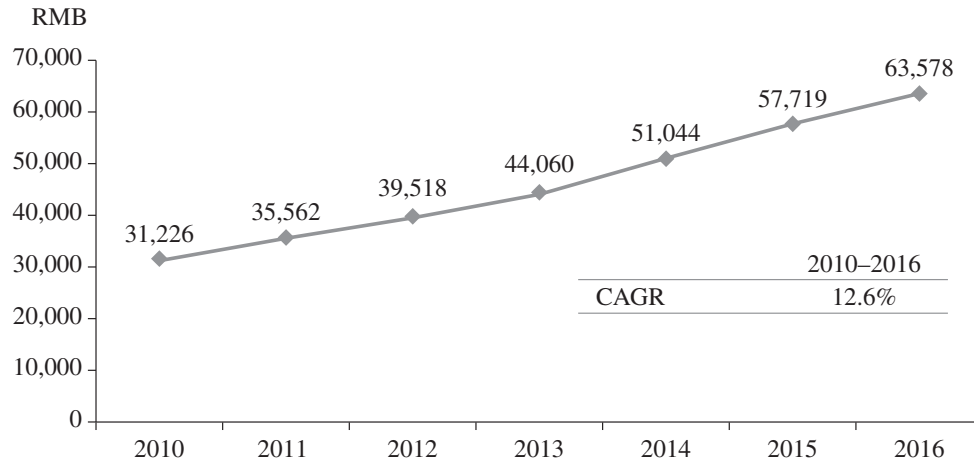
Source: Frost & Sullivan

INDUSTRY OVERVIEW

Labour Cost

The average wage of staff in information transmission, computer services and software industry in China has recorded a significant growth from RMB31,226 in 2010 to RMB57,719 in 2015, and is estimated, which represents a CAGR of 13.1%.

Chart 13 Average Wage in Information Transmission, Computer Services and Software Industry (Urban Private Sector) in China, 2010–2016



Source: National Bureau of Statistics of China, Frost & Sullivan

PRC REGULATIONS OVERVIEW

Laws and Regulations in Relation to Foreign Investment in the PRC

Guidance Catalogue for Foreign Investment

Pursuant to the Provisions on Guiding the Orientation of Foreign Investment (指導外商投資方向規定) promulgated by the State Council on 11 February 2002 and became effective on 1 April 2002, the Guidance Catalogue for Foreign Investment (外商投資產業指導目錄) is the basis of the application of relevant policies in examining and approving foreign investment projects and foreign-invested enterprises. The Foreign Investment Industrial Guidance Catalogue sets out “encouraged”, “permitted”, “restricted”, and “prohibited” categories for all foreign investment projects in the PRC. For the projects which do not fall into the categories of encouraged, restricted or prohibited projects shall be deemed as the permitted foreign investment projects. The permitted foreign investment projects are not listed in the Foreign Investment Industrial Guidance Catalogue.

Pursuant to the Guidance Catalogue for Foreign Investment (2017 Revision) (外商投資產業指導目錄(2017修訂)), which was jointly issued by the NDRC and the MOFCOM on 28 June 2017 and became effective on 28 July 2017, our PRC subsidiaries do not engage in any restricted industries or prohibited industries for foreign investment.

Foreign Direct Investment

Foreign investors may make investments and establish enterprises in the PRC in compliance with the Company Law of PRC (中華人民共和國公司法), the Law of Sino-Foreign Joint Equity Enterprise of PRC (中華人民共和國中外合資經營企業法), the Law of Sino-Foreign Contractual Joint Venture of the PRC (中華人民共和國中外合作經營企業法) and the Law of Foreign-invested Enterprise of the People’s Republic of China (中華人民共和國外資企業法).

The Company Law of the PRC, issued by the NPCSC on 29 December 1993 and subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013, applies to enterprises which are established, operated and administrated in the PRC. In the PRC, companies are generally classified into two catalogues, namely, companies with limited liability and joint-stock companies with limited liability.

Pursuant to the Law of Sino-Foreign Joint Equity Enterprise of the People’s Republic of China (中華人民共和國中外合資經營企業法), which was promulgated by the NPCSC on 8 July 1979 and became effective on the same date and subsequently amended on 4 April 1990, 15 March 2001, and 3 September 2016 and its implementing regulations, a sino-foreign joint-equity enterprise is an enterprise established by foreign companies, enterprises and other economic organisations and individuals within the territory of the PRC, based on the principles of equality and mutual benefit upon the approval of the PRC government. In general, the ratio of investment of foreign parties shall not be less than 25% of the registered capital of the joint venture. All parties shall share profit and bear risks and losses on a pro rata basis.

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Pursuant to the Law of Sino-Foreign Contractual Joint Venture of the People's Republic of China (中華人民共和國中外合作經營企業法), which was promulgated by the NPCSC on 13 April 1988 and became effective on the same date and subsequently amended on 31 October 2000 and 3 September 2016, and its implementing regulations, a sino-foreign joint venture enterprise is a contractual joint venture enterprise jointly established by foreign enterprises and other economic organisations or individuals and enterprises in the PRC within the territory of the PRC, based on the principles of equality and mutual benefit. If a joint venture enterprise is in compliance with the requirements of incorporation under applicable laws of the PRC, it will be granted the qualification of a corporation in the PRC. An enterprise which applies for the establishment of a joint venture shall submit agreements and contracts entered into between the domestic and foreign parties, articles of association, and other documents to the competent foreign trade authority under the State Council or authorities as authorised by the State Council and local government for consideration and approval. Parties of a joint venture shall share profit or products and bear risks and losses in accordance with the terms set out in the agreement regarding the joint venture.

Pursuant to the Law of Foreign-invested Enterprise of the PRC (中華人民共和國外資企業法), which was promulgated by the NPCSC on 12 April 1986 and became effective on the same date and subsequently amended on 31 October 2000 and 3 September 2016, and its implementing regulations, a foreign-invested enterprise is an enterprise established by foreign investors within the territory of the PRC in accordance with applicable laws of the PRC and of which all capital is invested by such foreign investors, excluding branches established by foreign enterprises and other economic organisations. An application for the establishment of a foreign-invested enterprise shall be approved by the competent foreign trade authority under the State Council or other authorities as authorised by the State Council.

Investment, profit, and other legal interests in the PRC of foreign investors will be protected by the laws of the PRC.

Administration of the Establishment and Change of Foreign-invested Enterprises

The Interim Measures for Record-filing Administration of the Establishment 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), which was promulgated by the MOFCOM on 8 October 2016 and subsequently amended on 30 July 2017, stipulates that the record-filing formality, instead of approving formality, shall apply to the establishment and change of foreign-invested enterprises which are not subject to special administrative measures stipulated by the State. The foreign-invested enterprises shall fill out and submit online application for record-filing of the changes of foreign-invested enterprises and other relevant documents through the comprehensive management system within 30 days after the change occurs. For the establishment of a foreign-invested enterprise, the foreign investors shall, before the issuance of the business license, or the foreign-invested enterprises shall, within 30 days after the issuance of the business license, fill out and submit online application and other relevant documents through the system.

According to the Announcement [2016] No. 22 of the NDRC and the MOFCOM (國家發展和改革委員會，商務部公告2016年第22號) promulgated on 8 October 2016, the scope of the special administration measures for foreign investment access is subject to the relevant provisions on the prohibited or restricted industries for foreign investment and the requirements of equities and senior executives for foreign investment in the encouraged industries as specified in the Guidance Catalogue

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for Foreign Investment. For matters involving establishment and alteration of enterprises as a result of merger and acquisition of domestic enterprises conducted by foreign investors, the relevant regulations currently in effect shall apply.

Domestic Investment by Foreign-invested Enterprise

Pursuant to the Interim Provisions on Domestic Investment by Foreign-invested Enterprises (關於外商投資企業境內投資的暫行規定), which was promulgated on 25 July 2000, amended on 26 May 2006 and 28 October 2015, a foreign-invested enterprise may establish or purchase equity interests in a company engaged in the industries into which foreign investment is encouraged or permitted. The foreign-invested enterprise shall file with the original approval authority of record within 30 days of the date when the relevant registration procedures has been completed. A foreign-invested enterprise may establish or purchase equity interests in a company engaged in the industries into which foreign investment is restricted after obtaining the approval of the competent commerce authority. A foreign-invested enterprise is not permitted to establish or purchase equity interests in a company engaged in the industries into which foreign investment is prohibited.

Acquisition of Domestic Enterprises by Foreign Investors

The Provisions on the Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定), promulgated by six PRC ministries including the MOFCOM, the State Assets Supervision and Administration Commission, the State Administration of Taxation, the State Administration for Industry and Commerce, China Securities Regulatory Commission and SAFE, became effective on 8 September 2006 and amended on 22 June 2009, provides the rules with which foreign investors shall comply if they seek to purchase the equities of a domestic non-foreign-funded enterprise or to subscribe the increased capital of a domestic non-foreign-funded enterprise, which will subsequently change the domestic non-foreign-funded enterprise into a foreign-funded enterprise.

According to the Interim Measures for Record-filing Administration of the Establishment and Change of Foreign-invested Enterprises, the merger and acquisition of domestic non-foreign-invested enterprises by foreign investors shall, if not involving special access administrative measures and affiliated mergers and acquisitions, be subject to the record filing measures.

Laws and Regulations in Relation to National High and New Technology Enterprise Accreditation

Pursuant to the Administrative Measures on Accreditation of High and New Technology Enterprises (高新技術企業認定管理辦法), which was promulgated by the Ministry of Science and Technology, MOF and the SAT on 29 January 2016 and became effective on 1 January 2016, high and new technology enterprises, which are accredited pursuant to these Measures, may apply for entitlement to the tax incentive policies pursuant to the relevant provisions of the EIT Law and its Implementation Regulations. Pursuant to the EIT Law, the income tax for high and new technology enterprises supported by the State will be at a reduced tax rate of 15%.

Pursuant to the Administrative Measures on Accreditation of High and New Technology Enterprises and the Guidelines for the Administration of the Certification of High and New Technology Enterprises (高新技術企業認定管理工作指引), which was promulgated by the Ministry of Science and

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Technology, MOF and State Administration of Taxation on 22 June 2016 and became effective on 1 January 2016, an enterprise shall satisfy all the following criteria to be accredited as a high and new technology enterprise:

- (A) it has been established for more than one year at the time of application for accreditation;
- (B) it has obtained intellectual property ownership for the core technology of its key products (services) through independent research and development, assignment, acceptance of gift, merger and acquisition etc;
- (C) the core technology of its key products (services) falls under the scope stipulated in the Regions of Advanced Technologies Strongly Supported by the State (國家重點支持的高新技術領域);
- (D) its technical personnel engaging in research and development and the relevant technological innovation activities constitute more than 10% of the total number of employees of the enterprise in the current year;
- (E) the percentage of the total amount of expenditure for research and development in the past three accounting years (where the actual operating period is less than three years, compute in accordance with the actual operating period, same hereinafter) in the total amount of revenue from sale shall satisfy the following requirements:
 - 1. the percentage shall not be less than 5% for enterprises whose revenue from sale in the past year is less than RMB50 million (inclusive);
 - 2. the percentage shall not be less than 4% for enterprises whose revenue from sale in the past year ranges from RMB50 million to RMB200 million (inclusive); and
 - 3. the percentage shall not be less than 3% for enterprises whose revenue from sale in the past year is more than RMB200 million.

The percentage of the total amount of research and development expenses incurred in China by the enterprise constitutes not less than 60% of its total amount of research and development expenses.

Pursuant to the Guidelines for the Administration of the Certification of High and New Technology Enterprises, the scope of the expenditure for research and development includes staff and labour expenses, direct investment expenses, depreciation expenses and long-term prepaid expenses, amortised expenses of intangible assets, design expenses, equipment tuning and testing expenses, research and development expenses incurred by an entrusted external party and other expenses of the relevant enterprise.

- (F) the revenue from high-tech products (services) constitutes more than 60% of the total revenue of the enterprise in the current period;

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- (G) the enterprise's innovation capacity evaluation satisfies the corresponding requirements. The innovation capacity is evaluated from four aspects, including intellectual property rights, scientific and technological achievements transformation capacity, research and development management ability and enterprise's growth rate; and
- (H) the enterprise has no record of major safety or quality incident or serious environmental violation during the year preceding the application.

We have been accredited as a National High and New Technology Enterprise by the relevant authorities, being valid from 15 November 2016 to 14 November 2019. Our Directors confirmed that our Group has satisfied the aforesaid qualification requirements, including the requirement on expenditure for research and development based on the prescribed calculation method.

Laws and Regulations in Relation to Information System Integration and Services Qualification Certification

Pursuant to the Administration of the Qualifications of Integration of Computer Information Systems (For Trial Implementation) (計算機信息系統集成資質管理辦法(試行)), which was promulgated by the Ministry of Information Industry and became effective on 1 January 2000, the integration of computer information systems means engagement in the overall planning, design, development, realisation, servicing and safeguarding of computer application system engineering and network system engineering. Enterprises that engage in the integration of computer information systems shall have their qualifications being certified and shall obtain a Qualification Certificate to the Integrate Computer Information Systems. The qualification of the integration of computer information systems is divided into 4 grades. The capacity to undertake projects corresponding to each grade is set out as follow: (1) holders of Grade I are competent to independently undertake all types of computer information system construction at the State, provincial (ministerial), industry and prefectural (municipal) level (and below) as well as at the large-scale, medium-scale and small-scale enterprise level; (2) holders of Grade II are competent to independently undertake computer information system construction at the provincial (ministerial), industry and prefectural (municipal) level (and below) as well as at the large-scale, medium-scale and small-scale enterprise level. They may also cooperatively undertake computer information system construction at the State level; (3) holders of Grade III are competent to independently undertake computer information system construction at the medium-scale and small-scale enterprise level, and may cooperatively undertake computer information system construction at the large-scale enterprise level (or equivalent scale); (4) holders of Grade IV are competent to independently undertake computer information system construction at the small-scale enterprise level, and may cooperatively undertake computer information system construction at the medium-scale enterprise level (or equivalent scale).

Pursuant to the Announcement No. 26 [2016] of the Ministry of Industry and Information Technology-List of Policy Documents Repealed by the Ministry of Industry and Information Technology (as of 31 December 2015) (工業和信息化部公告2016年第26號 — 工業和信息化部廢止的政策性文件目錄(截至2015年12月31日)), which was promulgated by the Ministry of Industry and Information Technology on 2 June 2016 and became effective on the same day, the Administration of the Qualifications of Integration of Computer Information Systems (For Trial Implementation) (計算機信息系統集成資質管理辦法(試行)) is repealed immediately upon promulgation of the above List. The accreditation of qualification of enterprise of integrate computer information systems is canceled as an

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administrative approval requirement according to the Decision of the State Council on Canceling Administrative Approval Requirements or Delegating Approval Power to Lower-level Authorities for a Batch of Items (國務院關於取消和下放一批行政審批項目的決定), which was promulgated by the State Council and became effective on 28 January 2014. And pursuant to the Notice on Canceling Accreditation of Qualification of Enterprise of Integrate Computer Information Systems and other Administrative Approval Requirements (關於做好取消計算機信息系統集成企業資質認定等行政審批事項相關工作的通知), which was promulgated by the Ministry of Industry and Information Technology, became effective on 25 March 2014 and was repealed on 21 April 2015, the China Information Technology Industry Federation (中國電子信息行業聯合會) became the accreditation authority of the qualification of enterprise of integrate computer information systems.

We have already received the Information System Integration and Service Qualification Certification (Grade II) issued by the China Electronics Information Industry Federation, being valid from 11 November 2016 to 31 December 2020. Our Directors confirmed that our Group has satisfied the qualification requirements pertaining to Grade II Certification as set out below.

Pursuant to the Assessment Conditions of Information System Integration and Services Qualification Certification (Provisional) (信息系統集成資質等級評定條件(暫行)), which was promulgated by the China Electronics Information Industry Federation on 30 June 2015 and became effective on 1 July 2015, in order to obtain the Information System Integration and Service Qualification Certification (Grade II), enterprises of integrate computer information system shall fulfill the following criteria:

(A) *Comprehensive Conditions*

1. It shall be registered in the PRC as a legal person with clear development process and equity and property rights, and has obtained the Information System Integration and Services Qualification Certification at Grade III for more than 1 year.
2. Its main business is the system integration, and (i) its total system integration revenue being accounted for not less than 60% of its total operating income for the last 3 years, or (ii) its system integration income being not less than RMB750 million and accounted for not less than 50% of its total operating income for the last 3 years.
3. The registered capital and paid-in capital of the enterprise shall not be less than RMB20 million, or the total owners' equity shall not be less than RMB20 million.

(B) *Financial Conditions*

1. (i) The total income from the system integration business in the past 3 years shall not be less than RMB250 million, or (ii) not less than RMB200 million and the income of the service of IT and software accounted for not less than 70% of the total income of system integration in the past 3 years. The financial data is authentic and shall be audited by an accounting firm registered in the territory of the PRC.
2. The enterprise is in good financial condition.

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3. The enterprise has fixed assets and intangible assets that are compatible with the system integration business.

(C) Credit

1. It has a good credit and public image without any violation of national laws and regulations for the last 3 years.
2. It has a good sense of intellectual property protection without selling or providing any pirated software for the last 3 years.
3. It has good performance capacity without any failure of the acceptance of the project or any material complaint from clients for the last 3 years.
4. It has not conducted any unfair competition for the last 3 years.
5. It has complied with the relevant regulations of information system integration and services qualification certification, applied for and used the certification with good faith, and has not been involved in any misconduct for the last 3 years.

(D) Performance

1. The total amount of all the information system integration projects with a contract amount of not less than RMB800,000 and all the software and IT services projects with a contract amount of not less than RMB400,000 shall not be less than RMB2 million, or the total amount shall not be less than RMB150 million with the software and IT services projects being accounted for not less than 70% of all the information system integration projects for the last 3 years. All those projects shall have already been accepted.
2. It has completed at least 3 systems integration projects with a contract amount of not less than RMB10 million for the last 3 years, or the total amount of all the system integration project with a contract amount of not less than RMB6 million shall be not less than RMB30 million, or the total amount of all the software and IT services project with a contract amount of not less than RMB3 million shall be not less than RMB15 million. Self-developed software products shall be applied in those projects.
3. All the software and IT services projects that the enterprise has conducted for the last 3 years shall be not less than 30% of all the system integration projects, or the total amount of income from all the software and IT services projects shall be not less than RMB60 million, or the total amount of cost for software development shall be not less than RMB30 million.

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(E) Management

1. It has established a comprehensive quality management system, with nationally recognised third-party certification, which has been effectively operating for at least 1 year.
2. It has established a project management system which can be effectively implemented.
3. It has established a comprehensive customer service system, which can be timely and effective for customers to provide quality services.
4. It has established a comprehensive enterprise management information system and can run effectively.
5. Person who is in charge of the IT business shall have relevant management experience of not less than 4 years, and the CTO shall have a senior computer information system integration project manager qualification or senior technical titles of electronic information and shall have work in the field of system integration technology for not less than 4 years, the CFO shall have a medium or above financial title.

(F) Technical

1. It has typical projects in the main business areas with a high technical level.
2. The enterprise shall be familiar with the business processes of the main business areas, and has not less than 10 self-developed software products with third party evaluation or user recognition, of which not less than 5 such products for the last 3 years, and some of such products have been applied in those projects for the last 3 years.
3. It has a technical leader specialised in software or system integration technology development, and has established a comprehensive software development and testing system, and has an office space of research and development for not less than 1000 square meters.

(G) Human Resource

1. It has not less than 150 employees engaged in the software development and system integration.
2. It has not less than 15 employees registered as information systems integration project management personnel, of which not less than 3 senior project managers.
3. The human resources management system has been established and implemented effectively.

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Laws and Regulations in Relation to Public-Private Partnership (PPP)

The public-private partnership (the “PPP”) model refers to the benefit sharing, risk sharing and long-term cooperative relationship established with private capital by the government through franchise, purchase of service or equity cooperation, in order to increase the capacity in supply of public products and enhance the efficiency.

The principal regulations governing PPP projects include the Guiding Opinion on Carrying Out the Public-Private Partnership (關於開展政府和社會資本合作的指導意見), which was promulgated by NDRC and became effective on 2 December 2014, the Notice on Implementing Demonstration Project of the Public-Private Partnership (關於政府和社會資本合作示範項目實施有關問題的通知), which was promulgated by the Ministry of Finance (the “MOF”) and became effective on 30 November 2014, the Operation Guide for Modes of the Public-Private Partnership (Trial) (政府和社會資本合作模式操作指南(試行)), which was promulgated by the MOF and became effective on 29 November 2014, and the Notice on Extending the Models of the Public-Private Partnership (關於推廣運用政府和社會資本合作模式有關問題的通知), which was promulgated by the MOF and became effective on 23 September 2014. So far, these regulations have not imposed any specific licensing requirements on private investors participating in PPP projects.

Pursuant to the Operation Guide for Modes of the Public-Private Partnership (Trial) (政府和社會資本合作模式操作指南(試行)), infrastructure and public service projects, which have large-scale investments, long-term steady demands, flexible price adjustment mechanisms and high marketisation degrees, may apply the PPP model.

Modes of PPP project operation include Operations and Maintenance (O&M), Management Contract (MC), Build-Operate-Transfer (BOT), Build-Own-Operate (BOO), Transfer-Operate-Transfer (TOT), and Rehabilitate-Operate-Transfer (ROT). Regulatory approaches of PPP include performance management, administrative supervision and public supervision.

Laws and Regulations in Relation to Labour Protection

Pursuant to the Labour Law of the PRC (中華人民共和國勞動法) (the “Labour Law”), which was promulgated by the NPCSC on 5 July 1994, came into effect on 1 January 1995 and amended on 27 August 2009, the Labour Contract Law (勞動合同法), which was promulgated by the NPCSC on 29 June 2007, became effective on 1 January 2008, and was amended on 28 December 2012, and the Implementation Regulations on Labour Contract Law (勞動合同法實施條例), which was promulgated on 18 September 2008 and became effective on the same day, labour contracts shall be concluded in writing if labour relationships are to be or have been established between enterprises or institutions and the laborers. Enterprises and institutions are forbidden to force the employees to work beyond the time limit and the employers shall pay employees overtime working compensation in accordance with national regulations. In addition, the labour wages shall not be lower than the local standards on minimum wages and shall be paid to the laborers timely.

Laws and Regulations in Relation to Social Insurance and Housing Fund

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法), promulgated by the NPCSC on 28 October 2010, which became effective on 1 July 2011, the Interim Regulations on the Collection and Payment of Social Security Funds (社會保險費徵繳暫行條例) promulgated by the State

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Council and which became effective on 22 January 1999, the Interim Measures concerning the Maternity Insurance (企業職工生育保險試行辦法) promulgated by the Ministry of Labour on 14 December 1994 and which became effective on 1 January 1995, the Regulations on Unemployment Insurance (失業保險條例) promulgated by the State Council and which became effective on 22 January 1999, the Interim Measures concerning the Administration of the Registration of Social Insurance (社會保險登記管理暫行辦法) promulgated by the Ministry of Human Resources and Social Security and which became effective on 19 March 1999, the Regulations on Occupational Injury Insurance (工傷保險條例) promulgated by the State Council on 27 April 2003 and which became effective on 1 January 2004 and was amended on 20 December 2010, and the Regulations on the Administration of Housing Accumulation Funds (住房公積金管理條例) promulgated by the State Council and which became effective on 3 April 1999, and was amended on 24 March 2002, employers are required to contribute, on behalf of their employees, to social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing accumulation funds. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up the deficit within a stipulated time limit.

Laws and Regulations in Relation to Intellectual Property

Copyright

Pursuant to the Copyright Law of the PRC (中華人民共和國著作權法), which was promulgated by the National People's Congress on 7 September 1990 and became effective on 1 June 1991 and amended respectively on 27 October 2001 and 26 February 2010, copyright protection extends to cover Internet activities and products disseminated over the Internet.

Pursuant to the Regulations on the Protection of Computer Software (計算機軟件保護條例), which was promulgated by State Council on 4 June 1991 and became effective on 1 October 1991 and amended by the State Council on 20 December 2001 and 30 January 2013, and the Rules for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法), which was promulgated by the China Copyright Office and came into effective on 20 February 2002, anyone publishes, revises or translates computer software without obtaining the prior approval of the computer software copyright holders who shall bear civil liability to the copyright owner because of harming the copyright. The computer software copyright is valid for a term of 50 years until 31 December of the 50th year, starting from the date as of first publication. The computer software copyright owners shall register at the registration institution authorised by the PRC Copyright Office to obtain the computer software copyright registration certificates as a preliminary evidence of the computer software copyright being registered.

Provisions of the Supreme People's Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks (最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定), which was promulgated by the Supreme People's Court on 17 December 2012 and became effective on 1 January 2013, provide that web players or web service providers who create works, performances or audio-video products, for which others have the right of dissemination through information networks or are available on any information network without authorisation shall be deemed to have infringed upon the right of dissemination through information networks.

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Patents

Pursuant to the Patent Law of the PRC (中華人民共和國專利法) (the “**PRC Patent Law**”), which was promulgated by the NPCSC on 12 March 1984 and became effective on 1 April 1985 and amended on 4 September 1992, 25 August 2000 and 27 December 2008, after the grant of the patent right for an invention or utility model, except where otherwise provided for in the PRC Patent Law, no entity or individual may, without the authorisation of the patent owner, exploit the patent, that is, to make, use, offer to sell, sell or import the patented product, or use the patented process, or use, offer to sell, sell or import any product which is a direct result of the use of the patented process, for production or business purposes. After a patent right is granted for a design, no entity or individual shall, without the permission of the patent owner, exploit the patent, that is, for production or business purposes, to manufacture, offer to sell, sell, or import any product containing the patented design. Where the infringement of a patent is identified, the infringer shall, in accordance with the regulations, undertake measures such as to cease the infringement, take remedial actions, and pay the damages.

Trademarks

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法) (the “**PRC Trademark Law**”), which was promulgated 23 August 1982, became effective on 1 August 1983, and subsequently amended on 22 February 1993, 27 October 2001 and 30 August 2013 as well as the Implementation Regulation of the PRC Trademark Law (中華人民共和國商標法實施條例) promulgated by the State Council on 3 August 2002, became effective on 15 September 2002 and amended on 29 April 2014, the Trademark Office under the State Administration for Industry and Commerce handles trademark registrations and grants a term of ten years to registered trademarks which may be renewed for consecutive ten-year periods upon request by the trademark owner.

Under the PRC Trademark Law, any of the following acts may be regarded as an infringement upon the right to exclusive use of a registered trademark, including (1) to use a trademark that is identical with a registered trademark in respect of the same goods without authorisation of the proprietor of the registered trademark; (2) to use a trademark similar to a registered trademark in respect of the same goods or to use a trademark identical with or similar to a registered trademark in respect of similar goods, without authorisation of the proprietor of the registered trademark, where such use is likely to cause confusion; (3) to sell the goods that infringe the exclusive right to use a registered trademark; (4) to counterfeit, or to make, without authorisation, representations of a registered trademark of another person, or to sell such representations of a registered trademark as were counterfeited, or made without authorisation; (5) to replace, without authorisation, a registered trademark and put the goods bearing the replaced trademark on the market; (6) to intentionally provide a person with conveniences for such person’s infringement of the trademark of another person or facilitate such person’s infringement of the trademark of another person; (7) to cause, in other aspects, prejudice to the exclusive right of another person to use a registered trademark. Violation of the PRC Trademark Law may result in the imposition of fines, confiscation, and destruction of the infringing commodities. Trademark license agreements must be filed with the Trademark Office for record. The PRC Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the

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registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a “sufficient degree of reputation” through such party’s use.

Domain Name

Pursuant to the Implementing Rules on Registration of Domain Names (域名註冊實施細則) which was promulgated on 28 May 2012 by China Internet Network Information Center (中國互聯網絡信息中心) (the “**CINIC**”) and became effective on 29 May 2012, and the Administrative Rules on China Internet Domain Names (中國互聯網絡域名管理辦法), which was promulgated by the Ministry of Information Industry on 5 November 2004 and became effective on 20 December 2004, after the domain name expired, it automatically heads into renewal confirmation period. Domain name holders shall confirm whether to renew the relevant domain name within 30 days after the domain name expired. The domain name registration provider shall have the right to cancel the domain name if the domain name holder confirms that the domain name holder will not renew the domain name with written notice. If the domain name holder does not confirm the renewal with written notice or renew, the domain name service provider shall have the right to cancel the domain name after 30 days.

Laws and Regulations over Foreign Exchange

Foreign Exchange

The principal regulations governing foreign currency exchange in China are the Regulations on Foreign Exchange Administration of the PRC (中華人民共和國外匯管理條例), which was promulgated by the State Council on 29 January 1996 and amended on 5 August 2008, and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment (結匯、售匯及付匯管理規定), which was promulgated by the People’s Bank of China on 20 June 1996 and became effective on 1 July 1996. Under these rules and other PRC rules and regulations on currency conversion, the Renminbi is freely convertible for payment of current account items (such as trade and service-related foreign exchange transactions and dividend payments) but not freely convertible for capital account items (such as direct investment, loans or investment in securities outside China) unless the prior approval of SAFE or its local counterparts is obtained. A foreign-invested enterprise in the PRC may purchase foreign exchange without the approval of SAFE for paying dividends by providing certain supporting documents (such as board resolutions), or for trade and services-related foreign exchange transactions by providing commercial documents evidencing such transactions. They are also allowed to retain their recurrent exchange earnings according to their operational needs and the sums retained may be deposited into foreign exchange bank accounts maintained with the designated banks in the PRC.

Settlement of Foreign Exchange Capital

Pursuant to the Circular on the Reform of the Management in Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知) (the “**Circular 19**”), which was promulgated by the SAFE on 30 March 2015 and became effective on 1 June 2015, foreign-invested enterprises in the PRC may, according to their business needs, settle with a bank the portion of foreign exchange capital in their capital account for which the local foreign exchange bureau has confirmed capital contribution rights and interests, and the portion allowed to be settled by a foreign-invested enterprise is tentatively 100%. Furthermore, where foreign-invested enterprises are engaging in equity investments in the PRC, they shall comply with the

REGULATORY OVERVIEW

regulations on reinvestment within the territory of the PRC. In addition, the foreign currency registered capital of a foreign-invested enterprise that has been settled in Renminbi may only be used for purposes within the business scope approved by the applicable governmental authority and shall not be used for the following purposes: (i) directly or indirectly used for expenditures prohibited by the laws and regulations or beyond the enterprise's business scope; (ii) directly or indirectly used for securities investments unless otherwise specified by laws and regulations; (iii) directly or indirectly used for providing Renminbi entrusted loans (unless permitted in the business scope), repaying loans between enterprises (including third party cash advance), or repaying bank loans it has obtained and on-lent to third parties; (iv) used to purchase non-self-use real estate, except for foreign-invested real estate enterprises. Furthermore, foreign invested enterprises whose main business is investment are allowed to directly settle their foreign currency capital and transfer that amount into the account of the enterprise being invested, provided that the domestic investment project is real and compliant. For an ordinary foreign invested enterprise intending to engage in domestic equity investment using Renminbi settled from foreign currency capital, the SAFE Notice 19 stipulates that the enterprise being invested shall first complete a domestic reinvestment registration and open a foreign currency settlement account with local foreign exchange authority (bank), after which the investing enterprise may transfer the Renminbi settled (consisting of the actual amount of the investment) to the account opened by the enterprise being invested.

Adjustment on the Administration of Foreign Exchange for Direct Investment

Pursuant to the Circular on Further Improving and Adjusting the Administration Policy of Foreign Exchange for Direct Investment (國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知) (the “**Circular No. 59**”) which was promulgated by SAFE on 19 November 2012 and became effective on 17 December 2012, approval is not required for the opening of an account entry in foreign exchange accounts for direct investment, re-investment with the domestic lawful incomes by the foreign investors, the purchase and offshore payments of foreign exchange for the direct investment, and the domestic transfer of foreign exchange for direct investment. The Circular No. 59 also simplifies the capital verification and confirmation formalities for foreign-invested enterprises and the foreign capital and foreign exchange registration formalities required for foreign investors to acquire the equity of the Chinese party, and further improves the administration on exchange settlement of the foreign exchange capital of foreign-invested enterprises.

Pursuant to the Circular on Further Simplifying and Improving the Administration Policy of Foreign Exchange for Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知), (Hui Fa [2015] No. 13) (the “**Circular No. 13**”) which was promulgated by the SAFE on 13 February 2015 and became effective on 1 June 2015, administrative approval of foreign exchange registration for domestic direct investment has been cancelled while the registration and confirmation formalities for the foreign capital of foreign investors for domestic direct investment have been simplified.

Circular 75 and Circular 37

In terms of the Notice on the Relevant Issues about Foreign Exchange Administration of the Financing and Return Investment of Domestic Residents through Overseas Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) (the “**Circular 75**”) promulgated by the SAFE on 21 October 2005 and came into force on 1 November 2005, (i) before

REGULATORY OVERVIEW

establishing or controlling special-purpose vehicles (the “SPVs”) for financing for overseas equity, PRC residents shall register with the local branch of the SAFE; (ii) if the PRC resident injects the assets or equity of domestic enterprises it possesses to the SPVs, or financing for overseas equity after the injection, the said PRC resident shall change registration of foreign exchange concerning equity of net assets and its changes of SPVs with the local branch of the SAFE; (iii) if any significant asset change (such as change of share capital or M&A) occurs in overseas SPVs outside the PRC, PRC residents shall register relevant changes with the local branch of the SAFE within 30 days after occurrence of the said change. The Circular 75 has been repealed by the Circular 37(defined as below) on 14 July 2014.

On 4 July 2014, the SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents Through Overseas Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “Circular 37”), according to which, (i) “SPVs” is defined as “offshore enterprise directly established or indirectly controlled by domestic residents (including domestic institution and individual resident) with their legally owned assets or equity of domestic enterprises, or legally owned offshore assets or equity, for the purpose of offshore investment and financing; (ii) a domestic resident must register with the SAFE before he or she contributes assets or equity interests to SPVs; (iii) following the initial registration, any major changes such as change in the overseas SPV’s domestic resident shareholders, names of the overseas SPVs and terms of operation or any increase or reduction of the overseas SPV, registered capital, share transfer or swap, merger or division, or similar development, shall be report to the SAFE for registration in time, and failing to comply with the registration procedures as set out in the Circular 37 may result in penalties.

Law and Regulations in relations to Property

Pursuant to the Property Law of PRC (中華人民共和國物權法), which was promulgated by the National People’s Congress on 16 March 2007, and became effective on 1 October 2007, the creation, variation, transfer and extinguishment of immovable property rights shall be registered pursuant to the provisions of the law. Creation, variation, transfer and extinguishment of immovable property rights pursuant to law shall be effective upon registration. unless the law provides to the contrary, such creation, variation, transfer and extinguishment shall be ineffective without registration. An owner shall have the right to possess, use, benefit and dispose of its immovable or movable property pursuant to law.

Pursuant to the Administrative Measures for Commodity Housing Tenancy (商品房屋租賃管理辦法) promulgated by the Ministry of Housing and Urban-Rural Development on 1 December 2010 and became effective on 1 February 2011, the parties concerned to a housing tenancy shall go through the housing tenancy registration formalities with the competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties where the housing is located within 30 days after the housing tenancy contract is signed. Where the content of the housing tenancy registration is altered, or the housing tenancy contract is renewed or terminated, the parties concerned shall, within 30 days, go through housing tenancy registration amendment, renewal or termination formalities at the department which originally registered the housing tenancy. The competent construction (real estate) departments of the people’s governments of the municipalities directly under the Central Government, cities and counties shall urge those who do not register on time hereof to make corrections within a specified time limit, and shall impose a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on units which fail to make corrections within the specified time limit.

REGULATORY OVERVIEW

Laws and Regulations on Tax Matters

EIT

EIT pursuant to the EIT Law, which was promulgated by the NPCSC on 16 March 2007 and became effective on 1 January 2008 and subsequently amended on 24 February 2017, and its implementation rules, which was promulgated by the State Council on 6 December 2007, the tax rate for both domestic enterprises and foreign-invested enterprises is 25%, and high-technology enterprises receiving key support from the State enjoy a reduced EIT rate of 15%.

Under the EIT Law and its implementation rules, enterprises are classified as either “resident enterprises” or “non-resident enterprises”. Enterprises 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, “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 establishment or place of business in the PRC. The implementation rules of the EIT Law 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 establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The income tax on the dividends may be reduced pursuant to a tax treaty between the PRC and the jurisdictions in which the non-resident enterprise investors located. In addition, any gain realised on the transfer of shares by 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.

Preferential EIT Rate

Our principal operating subsidiary, IBO Shenzhen, has been recognized as a “National High and New Technology Enterprise” and is entitled to enjoy a preferential EIT rate of 15% for the three years 2016 to 2018.

Value Added Tax (the “VAT”)

Pursuant to the Provisional Regulations of the PRC on Value-Added Tax (中華人民共和國增值稅暫行條例), which was promulgated by the State Council on 13 December 1993 and subsequently amended on 10 November 2008 and 6 February 2016, and its implementation rules (中華人民共和國增值稅暫行條例實施細則), which was promulgated and became effective on 25 December 1993 and subsequently amended by the Ministry of Finance on 15 December 2008 and 28 October 2011, unless stated otherwise, the tax rate for VAT payers who are selling or importing goods or providing processing, repairs, and replacement services in the PRC shall be 17%.

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Pursuant to the Notice of Ministry of Finance and State Administration of Taxation on Value-added Tax Policies for Software Products (關於軟件產品增值稅政策的通知), which was promulgated by the MOF and the SAT on 13 October 2011 and became effective on 1 January 2011, software products which satisfy the following criteria may enjoy the refund-upon-collection policy, which shall be applied to the part of actual VAT burden in excess of 3% after VAT has been collected at a tax rate of 17%, upon examination and approval by the tax authorities in charge: (i) obtain proof materials of testing issued by a software testing organisation recognised by the software industry authorities of provincial level; and (ii) obtain a “Registration Certificate for Software Products” issued by the software industry authorities or a “Copyright Registration Certificate for Computer Software” issued by the copyright administration.

Business Tax

The Provisional Regulations of PRC Concerning Business Tax (中華人民共和國營業稅暫行條例) (the “**Business Tax Regulations**”) was promulgated by the State Council on 13 December 1993 and amended on 5 November 2008 and came into effect on 1 January 2009. Under the Business Tax Regulations, enterprises that provide services (including entertainment business), assign intangible assets or sell immovable property are liable to business tax at a rate ranging from 3.0% to 20.0%, of the charges of the services provided, intangible assets assigned or immovable property sold, as the case maybe. The formula for calculation of the amount of tax payable is set forth below: Amount of tax payable = business × income tax rate. The business income shall be calculated in RMB. Taxpayers that settle their amounts of business income in currency other than RMB shall convert the amounts into RMB.

Pursuant to the Notice of the State Council on Effectively and Comprehensively Promoting the Pilot Program of Replacing Business Tax with Value-Added Tax (國務院關於做好全面推開營改增試點工作的通知), which was promulgated by the State Council on 29 April 2016 and became effective on the same day, all sectors, which paid business tax previously, shall pay the value added tax rather than the business tax since 1 May 2016.

Dividends Withholding Tax

Before the promulgation of the EIT Law, the principal laws and regulations governing the distribution of dividends paid by wholly foreign-owned enterprises include the Wholly Foreign-owned Enterprise Law and the Implementation Regulation of the Wholly Foreign-owned Enterprise Law. Under these laws and regulations, wholly foreign-owned enterprises in China may only pay dividends from accumulated after-tax profit, if any, determined in accordance with PRC accounting standards and regulations. Dividends paid to its foreign investors are exempt from withholding tax. However, this provision has been revoked by the EIT Law. The EIT Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced passive income of non-resident enterprises. However, the EIT Rules, which was promulgated on 6 December 2007 and became effective on 1 January 2008, reduced the rate from 20% to 10%.

REGULATORY OVERVIEW

Pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得稅避免雙重徵稅和防止偷漏稅的安排), which was promulgated by SAT and the Hong Kong government on 21 August 2006, a PRC company shall pay income tax on the dividends paid to a Hong Kong resident according to the PRC law. However, provided that the recipient is a company that holds at least 25% of the capital of the PRC company, no more than the 5% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident. In other circumstances, the 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

BUSINESS HISTORY

We are a National High and New Technology Enterprise (國家高新技術企業) that focuses on providing comprehensive IoT intelligent terminal product application and solutions services in the PRC. IoT refers to a network that enables intelligent identification, positioning, tracking, monitoring and management of targeted objects by way of exchange of information and communication between such targets and internet *via* intelligent terminal products. We offer tailor-made product application and solutions with a special emphasis in the area of city public safety management within the “Smart City” market in the PRC to cater for our customers’ needs and requirements such as safety production supervision, hazards supervision, and other specific items such as asset management, vehicle management and personnel management.

Established in April 2000, we provide comprehensive, integrated and highly customisable range of IoT services to our customers covering (i) provision of comprehensive and tailor-made solutions applying IoT and related technologies; (ii) development, production and sales of independently designed customisable IoT intelligent terminal products; (iii) provision of customised software development services; and (iv) provision of information systems software and hardware maintenance services. In order to meet different requirements of our customers, we have committed and have made significant investments in research and development of technologies such as (i) RFID intelligent identification technology and transmission technology used in IoT sensory technology; (ii) explosion-proof technology mainly applied in gas cylinder supervision; (iii) mobile application technology; and (iv) data processing technology. As at the Latest Practicable Date, we had a total of 17 registered patents, 26 registered computer software copyrights, 16 registered trademarks and 10 explosion protection certificates of conformity.

With the leadership of our executive Director and the chairman of our Board, Mr. Lai having approximately 17 years of experience in the information technology industry and the management by our executive Directors, Mr. Gao, Mr. Teng, Mr. Yu and Mr. Lyu, we are well-positioned to capture the market growth and overcome the market competition. For details of the experience and knowledge of each of the executive Directors, please refer to “Directors and Senior Management — Board of Directors — Executive Directors” in this prospectus.

BUSINESS MILESTONES

The following table illustrates the key milestones of the development of our Group:

2000	IBO Shenzhen was established as our first operating subsidiary, commencing its operation in internet business.
2002	We have commenced our first system integration project to undertake the petrol filling IC card system development for a large state-owned petroleum company based in the Guangdong Province. We have commenced our first software development project to undertake the call system software development for a governmental authority in Shenzhen.
2003	IBO Shenzhen was awarded the Software Enterprise Verification Certificate (軟件企業認定證書) by the Shenzhen Information Office (深圳市信息化辦公室).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

IBO Shenzhen was awarded the High and New Technology Enterprise Certificate (高新技術企業認定證書) by the Shenzhen Science Technology Bureau (深圳市科學技術局).

The management system of IBO Shenzhen was accredited with the ISO 9001:2000 Quality Management System Certification.

2006 IBO Shenzhen was awarded the Computer Information System Integration Qualification Certificate (Grade II) (計算機信息系統集成資質證書 (二級)) by the Ministry of Industry and Information Technology of the PRC (中華人民共和國信息產業部).

2008 IBO Shenzhen was approved to undertake the vehicle management pilot project (車輛管理試點項目) of the national gold card engineering RFID application pilot project (國家金卡工程RFID應用試點項目).

2010 IBO Shenzhen was awarded the title of Top 100 Shenzhen Software Enterprise (深圳百強軟件企業) for the year of 2009 by Shenzhen Software Industry Association (深圳市軟件行業協會).

IBO Shenzhen was awarded the National High and New Technology Enterprise Certificate (國家高新技術企業證書) by Shenzhen Science and Technology Innovation Commission (深圳市科技創新委員會), Finance Commission of Shenzhen Municipality (深圳市財政委員會), Shenzhen Municipal Office, SAT (深圳市國家稅務局) and Shenzhen Local Taxation Bureau (深圳市地方稅務局).

2013 IBO Shenzhen was awarded the China RFID Leading Enterprise Award (中國RFID領先企業獎).

2014 We commenced business relationship with a governmental authority in Xinjiang on the supply of gas cylinder supervision system.

2015 We commenced business relationship with Golden Spring by provision of “intelligence asset management system” to raise the efficiency of asset management and to secure the safety of asset and production.

2016 We started co-operation with a large-scaled technology company regarding the construction of an intelligent traffic control system in Xinjiang.

We started co-operation with a large-scaled technology company regarding a “Smart City” PPP project in Xinjiang.

2017 We started co-operation with a large-scaled technology company based in the PRC regarding the market promotion and project operation of a digital intelligent motor vehicle monitoring system (機動車輛智能電子監管系統).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

Set out below is the brief corporate history of each of the members of our Group:

Our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 15 April 2016 with an authorised share capital of HK\$390,000 divided into 39,000,000 Shares of HK\$0.01 each, with one fully-paid subscriber Share being allotted and issued to the initial subscriber, an Independent Third Party. On the same day, such subscriber Share was transferred to Mr. Lai for par value consideration. After the aforesaid allotment of Shares, the issued share capital of our Company was fully owned by Mr. Lai.

Pursuant to the Reorganisation in preparation for Listing, our Company became the ultimate investment holding company of our Group. Details of the Reorganisation are set out below in the paragraph headed “Corporate Reorganisation”.

Our Company is the investment holding company of our subsidiaries.

IBO Holdings

IBO Holdings was incorporated in the BVI on 13 May 2016 as a limited liability company which was, at its date of incorporation, authorised to issue up to a maximum of 50,000 ordinary shares of a single class with par value of US\$1.00 each. On its date of incorporation, one share was allotted and issued as fully paid to our Company.

Since the incorporation of IBO Holdings and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, IBO Holdings was a direct wholly-owned subsidiary of our Company.

IBO Holdings is an investment holding company.

Abacus International

Abacus International (formerly known as Abacus Network Company Limited) was incorporated in Hong Kong on 17 April 2000 with limited liability. The authorised share capital of Abacus International was, at its date of incorporation, HK\$10,000 divided into 10,000 shares of HK\$1.00 each.

On 17 April 2000, Mr. Lai and Ms. Ho subscribed for 9,999 shares and one share in Abacus International, respectively.

On 6 January 2004, Abacus International increased its authorised share capital to HK\$6,000,000 divided into 6,000,000 shares of HK\$1.00 each. On 16 April 2004, Abacus International allotted 5,990,000 shares to Gee Fung, which was and is owned by Mr. Lai as to 99.99% and Ms. Ho as to 0.01%, respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 12 May 2004, Gee Fung transferred 2,400,000 shares and 1,790,000 shares in Abacus International to Mr. Ma Kai Cheung and Mr. Lai respectively, at par value. Save as being a former shareholder and former director of Abacus International, Mr. Ma Kai Cheung is an Independent Third Party. On the same day, Ms. Ho transferred one share in Abacus International to Mr. Lai at par value. As a result, Abacus International was held by Gee Fung, Mr. Ma Kai Cheung and Mr. Lai as to 30%, 40% and 30% respectively.

On 29 August 2007, Mr. Ma Kai Cheung transferred 2,400,000 shares in Abacus International to Gee Fung at par value. As a result, Abacus International was held by Gee Fung and Mr. Lai as to 70% and 30% respectively.

On 1 November 2007, each of Gee Fung and Mr. Lai transferred 4,200,000 shares and 1,800,000 shares, respectively, in Abacus International to Shine Well at par value. As a result, Abacus International was wholly-owned by Shine Well.

As part of the Reorganisation, on 29 June 2016, IBO Holdings acquired 6,000,000 shares of Abacus International (representing 100% of the entire issued share capital of Abacus International) from Shine Well in consideration of our Company's issue and allotment of 99,999 Shares to Shine Well. Upon completion of such acquisition, Abacus International was wholly-owned by IBO Holdings.

Since then and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, Abacus International was an indirect wholly-owned subsidiary of our Company.

The principal business activities of Abacus International are engaged in the sales of intelligent terminal products, provision of system maintenance services and development of customised softwares.

Cyber Sharp

Cyber Sharp was incorporated in Hong Kong on 30 June 2016 with limited liability. One share was allotted and issued to Cartech Limited, an Independent Third Party.

On 5 August 2016, Cartech Limited transferred one share in Cyber Sharp Limited to Abacus International, at the consideration of HK\$1.00. As a result, Cyber Sharp Limited was wholly owned by Abacus International.

Since then and up to the Latest Practicable Date, there had not been any further change in its shareholding. As at the Latest Practicable Date, Cyber Sharp was an indirect wholly-owned subsidiary of our Company.

Cyber Sharp is an investment holding company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

IBO Shenzhen

IBO Shenzhen was established as a limited liability company in the PRC on 13 December 2000 with an initial registered capital of HK\$12,000,000, which was fully paid-up by Abacus International as ultimately funded by Mr. Lai.

On 10 July 2013, the registered capital of IBO Shenzhen was increased to HK\$28,000,000, which was fully paid-up and funded by Abacus International using the cumulative retained profits of IBO Shenzhen.

Since the establishment of IBO Shenzhen and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, IBO Shenzhen was an indirect wholly-owned subsidiary of our Company.

The principal business activities of IBO Shenzhen are the sales of intelligent terminal products, provision of coordination, management and installation services for city public sector of smart city, provision of system maintenance services and development of customised softwares.

IBO Shenzhen (XJ)

IBO Shenzhen (XJ), a branch office of IBO Shenzhen in Xinjiang, was established on 3 November 2016.

IBO Shenzhen Digital Technology

IBO Shenzhen Digital Technology was established as a limited liability company in the PRC on 1 November 2016 with a registered capital of RMB20,000,000, which was subscribed by IBO Shenzhen as to 100%. Under its articles of association, the registered capital has to be fully paid up by 26 October 2046. As at the Latest Practicable Date, none of the registered capital was paid up by IBO Shenzhen.

Since the incorporation of IBO Shenzhen Digital Technology and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, IBO Shenzhen Digital Technology was an indirect wholly-owned subsidiary of our Company.

The principal business activities of IBO Shenzhen Digital Technology are engaged in collection, process and storage of data, text and graphics.

Shenzhen Guotong

Shenzhen Guotong was established as a limited liability company in the PRC on 4 August 2015 with a registered capital of RMB10,000,000, which was subscribed by IBO Shenzhen and Mr. Guo Dongxing, as to 51% and 49% respectively. Mr. Guo Dongxing, who possesses experience in the field of IoT communication with extensive customer network, acted as a director and the general manager of Shenzhen Guotong as at the Latest Practicable Date. Save as disclosed in this paragraph, Mr. Guo Dongxing is an Independent Third Party.

Under its articles of association, it was agreed between its shareholders that the registered capital will be paid up in installments and it has to be fully paid up by 29 July 2045. As at the Latest Practicable Date, RMB1,000,000 of the registered capital was paid up by IBO Shenzhen.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Since the establishment of Shenzhen Guotong and up to the Latest Practicable Date, there had not been any change in its shareholding. As at the Latest Practicable Date, Shenzhen Guotong was an indirect non wholly-owned subsidiary of our Company, which was owned as to 51% by IBO Shenzhen and 49% by Mr. Guo Dongxing.

Under such circumstances, Mr. Guo Dongxing has been a substantial shareholder of a subsidiary of our Company. However, since each of the total assets, profits and revenue of Shenzhen Guotong compared to that of our Group is less than 5% under the percentage ratios for the latest financial year, Shenzhen Guotong is an insignificant subsidiary of our Company pursuant to Rule 14A.09 of the Listing Rules. Therefore, Mr. Guo Dongxing and his associates do not fall within the meaning of connected persons of our Company and any transactions between our Group and Mr. Guo Dongxing and/or his associates would not constitute connected transactions. In the event that Shenzhen Guotong is no longer qualified as an insignificant subsidiary in the future, Mr. Guo Dongxing and his associates would become connected persons at the subsidiary level, and our Group would comply with the announcement, reporting and annual review requirements in accordance with Chapter 14A of the Listing Rules.

Shenzhen Guotong proposes to be principally engaged in the business of IoT wireless communication technology, products and application. However, as at the Latest Practicable Date, Shenzhen Guotong has neither commenced any business operation nor entered into any agreement or made any commitment for developing such business, and it has no concrete plan in the proposed business development.

Shenzhen Bohai

Shenzhen Bohai was established as a limited liability company in the PRC on 12 April 2016 with a registered capital of RMB20,000,000, which was subscribed by IBO Shenzhen, Golden Spring, Mr. Jia Yongzhong and Mr. Wang Baoliang, as to 35%, 15%, 30% and 20% respectively. Golden Spring, being a total solutions provider for RFID production and application listed on the National Equities Exchange and Quotations stock market since 2010, was one of our five largest customers for each of the two years ended 31 March 2016 and 2017. It is expected that the well-developed customer network, which includes industrial enterprises, will help build and grow the customer base of Shenzhen Bohai. On the other hand, Mr. Jia Yongzhong has his qualification as an engineer obtained since 1997 possessing experience in such industries as intelligent production and information technology. Further, Mr. Wang Baoliang, being a senior engineer with approximately 20 years of experience in power automation control and electrical production technological management, acted as a director and the general manager of Shenzhen Bohai as at the Latest Practicable Date. Save as disclosed in this paragraph, each of Golden Spring, Mr. Jia Yongzhong and Mr. Wang Baoliang is an Independent Third Party.

Under its articles of association, it was agreed between its shareholders that the registered capital will be paid up in installments and it has to be fully paid up by 11 April 2046. As at the Latest Practicable Date, none of the registered capital was paid up.

Since the establishment of Shenzhen Bohai and up to the Latest Practicable Date, there had not been any change in its shareholding.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Meanwhile, given the background of Mr. Jia Yongzhong and Mr. Wang Baoliang as referred to above, each of them considered that IBO Shenzhen had extensive experience in operation and management of IoT projects, and that Shenzhen Bohai's business, which proposed to develop in the field of intelligent production as detailed below, would be dependent on and dominated by IBO Shenzhen's IoT technology. In this relation, each of Mr. Jia Yongzhong and Mr. Wang Baoliang was confident that the experience and strategy of the single largest shareholder of Shenzhen Bohai, IBO Shenzhen would be able to bring value to the shareholders of Shenzhen Bohai. Accordingly, IBO Shenzhen, each of Mr. Jia Yongzhong and Mr. Wang Baoliang has respectively agreed that (i) IBO Shenzhen is the actual controller of Shenzhen Bohai; (ii) he is acting in concert with IBO Shenzhen on the matters relating to production, operation, corporate governance and all other decision-makings, and will follow IBO Shenzhen's vote in shareholders' meetings; and (iii) he shall not transfer or encumber his shareholdings in Shenzhen Bohai to third parties without IBO Shenzhen's consent for the period from 18 October 2016 to 12 April 2046.

As at the Latest Practicable Date, Shenzhen Bohai was an indirect non wholly-owned subsidiary of our Company, which was owned by IBO Shenzhen, Golden Spring, Mr. Jia Yongzhong and Mr. Wang Baoliang as to 35%, 15%, 30% and 20% respectively.

Under such circumstances, Golden Spring has been a substantial shareholder of a subsidiary of our Company. Since (i) Shenzhen Bohai is newly established which does not have a full year of accounts yet; and (ii) the total capital commitment of our Group on Shenzhen Bohai is RMB7,000,000, which is less than 5% of the total assets of our Group, Shenzhen Bohai is an insignificant subsidiary of our Company pursuant to Rule 14A.09 of the Listing Rules. Therefore, Golden Spring does not fall within the meaning of connected person of our Company and any transactions between our Group and Golden Spring would not constitute connected transactions. In the event that Shenzhen Bohai is no longer qualified as an insignificant subsidiary in the future, De Xinquan would become a connected person at the subsidiary level, and our Group would comply with the announcement, reporting and annual review requirements in accordance with Chapter 14A of the Listing Rules.

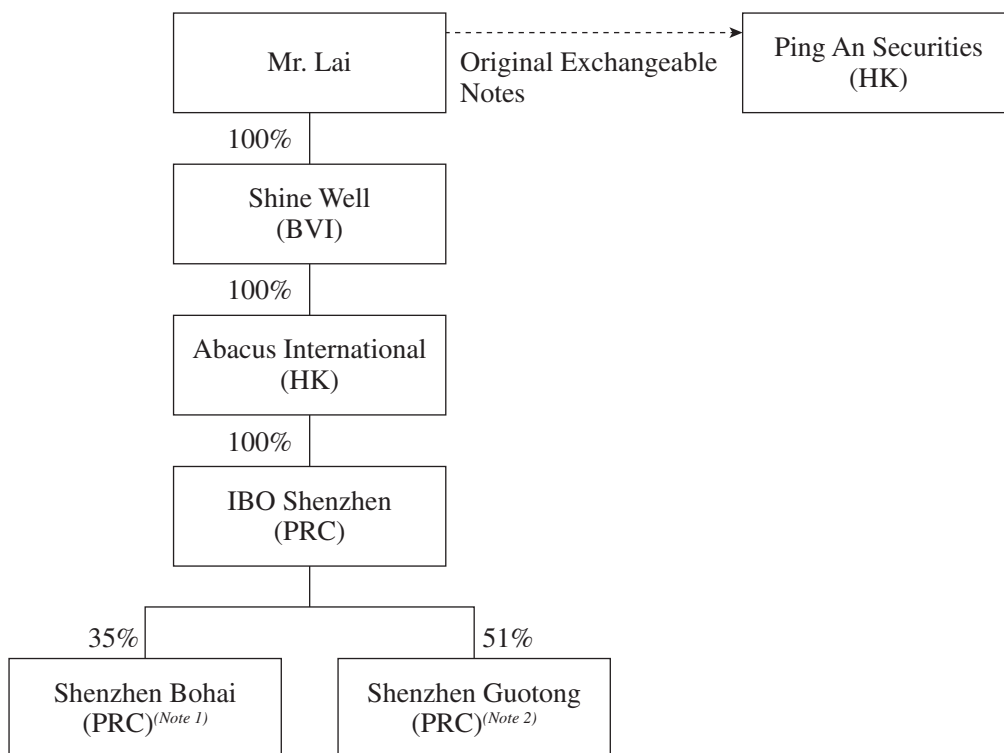
Shenzhen Bohai proposes to be principally engaged in the business of applying IoT technology in industrial automation and intelligent manufacturing related technology, products and service, including intelligent production, intelligent factories and intelligent logistics. However, as at the Latest Practicable Date, Shenzhen Bohai has neither commenced any business operation nor entered into any agreement or made any commitment for developing such business, and it has no concrete plan in the proposed business development.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE REORGANISATION

In April 2016, we commenced the Reorganisation in preparation for the Global Offering. Prior to the Reorganisation, our business in the PRC was primarily operated by IBO Shenzhen. To prepare for the Listing, we have undergone group restructuring such that our Company has become the holding company and hence the listing vehicle of our Group.

Following the establishment of Shenzhen Bohai, the shareholding and corporate structure of our Group was as follows:



Notes:

1. Shenzhen Bohai was owned as to (a) 35% by IBO Shenzhen; (b) 15% by Golden Spring; (c) 30% by Mr. Jia Yongzhong; and (d) 20% by Mr. Wang Baoliang, where it has been agreed, among others, that (i) IBO Shenzhen is the actual controller of Shenzhen Bohai; and (ii) Mr. Jia Yongzhong and Mr. Wang Baoliang are acting in concert with IBO Shenzhen.
2. Shenzhen Guotong was owned as to (a) 51% by IBO Shenzhen; and (b) 49% by Mr. Guo Dongxing.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Subscription of the Original Exchangeable Notes by Ping An Securities

Under the pre-IPO investment, on 11 January 2016, Ping An Securities subscribed the Original Exchangeable Notes in the principal amount of HK\$30,000,000 issued by Mr. Lai pursuant to the EN Subscription Agreement dated 8 January 2016 entered into among Mr. Lai, Ping An Securities, Shine Well, Abacus International and IBO Shenzhen. According to the terms of the Original Exchangeable Notes, Ping An Securities shall have the right to exchange the principal amount of the Original Exchangeable Notes into 90,000 shares of Shine Well owned by Mr. Lai (representing 9% of the entire issued share capital of Shine Well) in the event that Mr. Lai has not redeemed the Original Exchangeable Notes before 5:00 p.m., 11 January 2017.

Change in shareholding in Shine Well

Under the pre-IPO investment, on 11 May 2016, Century Race and Mr. Lai entered into a sale and purchase agreement, pursuant to which Century Race acquired 60,000 shares of Shine Well (representing 6% of the entire issued share capital of Shine Well) from Mr. Lai on the same date at a consideration of HK\$20,000,000, which was determined after arm's length negotiation between the parties with reference to the historical earnings and the growth potential of our Group's Business.

Under the pre-IPO investment, on 3 June 2016, Millionplus and Mr. Lai entered into a sale and purchase agreement, pursuant to which Millionplus acquired 30,000 shares of Shine Well (representing 3% of the entire issued share capital of Shine Well) from Mr. Lai on the same date at a consideration of HK\$10,000,000, which was determined after arm's length negotiation between the parties with reference to the historical earnings and the growth potential of our Group's business.

Acquisition of our Share by Shine Well

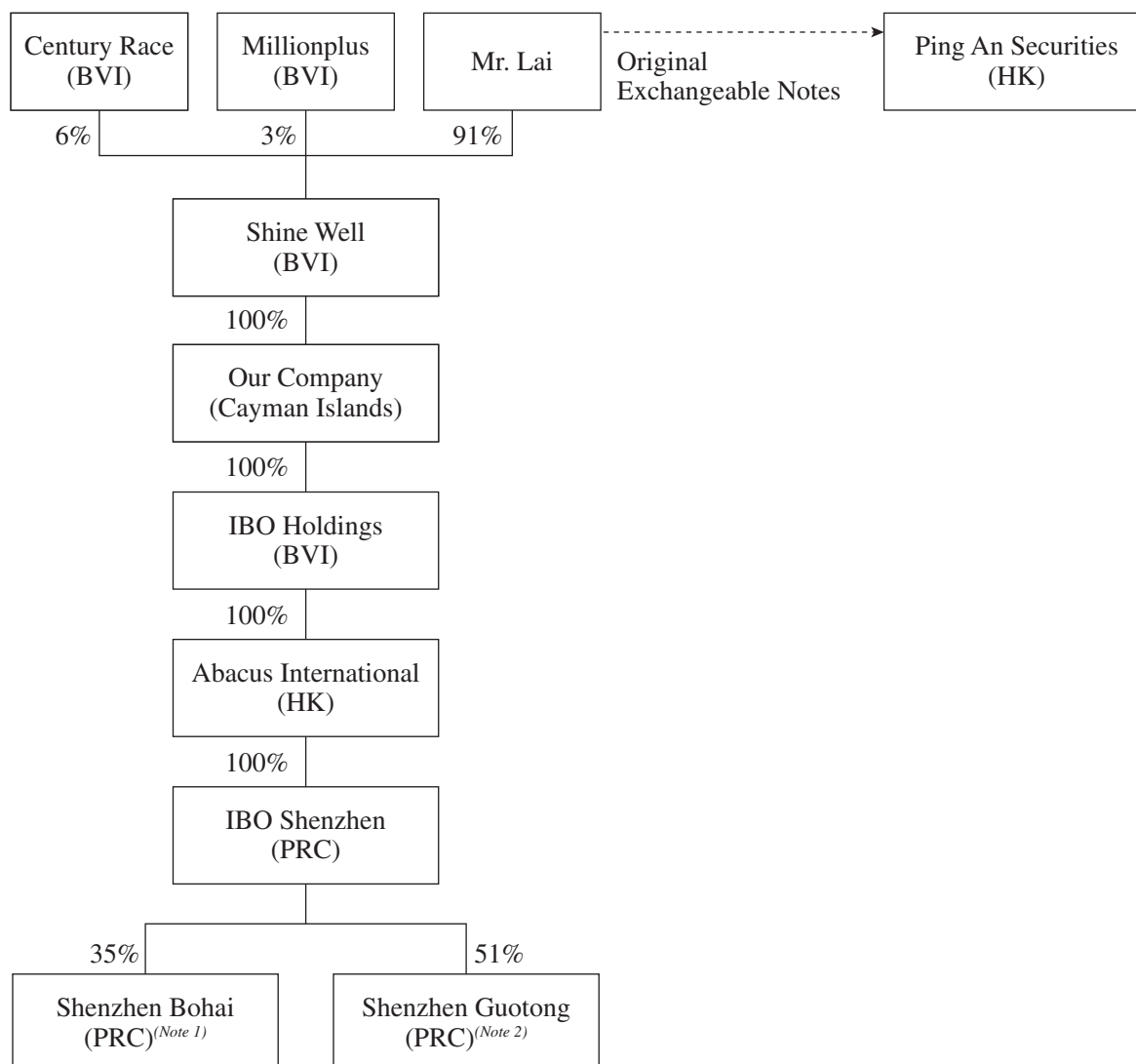
On 25 May 2016, Shine Well acquired one Share (representing 100% of the entire issued share capital of our Company) from Mr. Lai at the consideration of HK\$1.00. Upon completion of such acquisition, our Company was owned as to 100% by Shine Well.

Acquisition of Abacus International by IBO Holdings

As part of the Reorganisation, on 29 June 2016, IBO Holdings acquired 6,000,000 shares of Abacus International (representing 100% of the entire issued share capital of Abacus International) from Shine Well in consideration of our Company's issue and allotment of 99,999 Shares to Shine Well pursuant to the deed of reorganisation entered into among Mr. Lai, IBO Holdings, Shine Well and our Company on 29 June 2016. Upon completion of such acquisition, Abacus International was owned as to 100% by IBO Holdings and became an indirect wholly-owned subsidiary of our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Following the above acquisition, the shareholding and corporate structure of our Group was as follows:



Notes:

1. Shenzen Bohai was owned as to (a) 35% by IBO Shenzhen; (b) 15% by Golden Spring; (c) 30% by Mr. Jia Yongzhong; and (d) 20% by Mr. Wang Baoliang, where it has been agreed, among others, that (i) IBO Shenzhen is the actual controller of Shenzen Bohai; and (ii) Mr. Jia Yongzhong and Mr. Wang Baoliang are acting in concert with IBO Shenzhen.
2. Shenzen Guotong was owned as to (a) 51% by IBO Shenzhen; and (b) 49% by Mr. Guo Dongxing.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Further Restructuring

The following restructuring steps were taken so as to rationalise the structure of our Group:

- (i) On 6 July 2016, the EN Supplemental Subscription Agreement was entered into among Mr. Lai, Ping An Securities, Shine Well, Abacus International and IBO Shenzhen, pursuant to which Mr. Lai redeemed the Original Exchangeable Notes in full and Shine Well issued the New Exchangeable Notes in the principal amount of HK\$30,000,000 to Ping An Securities. Ping An Securities shall have the right to exchange the principal amount of the New Exchangeable Notes into 9,000 Shares owned by Shine Well (representing 9% of the entire issued share capital of our Company) in accordance with the terms of the New Exchangeable Notes.
- (ii) On 7 July 2016 Century Race acquired 10,500 Shares (representing 10.5% of the entire issued share capital of our Company) from Shine Well whereas Mr. Lai acquired 60,000 shares of Shine Well (representing 6% of the entire issued share capital of Shine Well) from Century Race pursuant to the sale and purchase agreement entered into among Century Race, Mr. Lai and Shine Well.
- (iii) On 7 July 2016 Millionplus acquired 3,000 Shares (representing 3% of the entire issued share capital of our Company) from Shine Well whereas Mr. Lai acquired 30,000 shares of Shine Well (representing 3% of the entire issued share capital of Shine Well) from Millionplus pursuant to the sale and purchase agreement entered into among Millionplus, Mr. Lai and Shine Well.

For details of the pre-IPO investments, please refer to the paragraph headed “Pre-IPO Investments” of this section.

Pre-IPO Investments

Ping An Securities

On 11 January 2016, Ping An Securities invested in our Group by way of subscription of the Original Exchangeable Notes in the principal amount of HK\$30,000,000 issued by Mr. Lai pursuant to the EN Subscription Agreement dated 8 January 2016 entered into among Mr. Lai, Ping An Securities, Shine Well, Abacus International and IBO Shenzhen. Ping An Securities is a wholly-owned subsidiary of Ping An Securities Group (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0231). Save for the aforesaid investment in our Group, Ping An Securities is an Independent Third Party.

According to the terms of the Original Exchangeable Notes, Ping An Securities shall have the right to exchange the principal amount of the Original Exchangeable Notes into 90,000 shares of Shine Well owned by Mr. Lai (representing 9% of the entire issued share capital of Shine Well) in the event that Mr. Lai has not redeemed the Original Exchangeable Notes before 5:00 p.m., 11 January 2017.

On 6 July 2016, following the restructuring of our Group, the EN Supplemental Subscription Agreement was entered into among Mr. Lai, Ping An Securities, Shine Well, Abacus International and IBO Shenzhen.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Pursuant to the EN Supplemental Subscription Agreement, Mr. Lai redeemed the Original Exchangeable Notes from Ping An Securities in full at the consideration of HK\$30,000,000 (the “**Redemption Amount**”) and Shine Well issued the New Exchangeable Notes in the principal amount of HK\$30,000,000 (the “**Subscription Amount**”) to Ping An Securities. The Subscription Amount payable by Ping An Securities was set off against the Redemption Amount receivable by Ping An Securities. As a result, Shine Well assumed the Redemption Amount payable by Mr. Lai to Ping An Securities whereas the amount of HK\$30,000,000 was payable by Mr. Lai to Shine Well. Ping An Securities shall have the right to exchange the principal amount of the New Exchangeable Notes into the number of Shares owned by Shine Well representing 9% of the entire issued share capital of our Company in accordance with the terms of the New Exchangeable Notes. Upon signing of the EN Supplemental Subscription Agreement, the terms and conditions of the Original Exchangeable Notes and all obligations of Mr. Lai, Shine Well, Abacus International and IBO Shenzhen and rights of Ping An Securities ceased and terminated. For the avoidance of doubt, our Company and our Group have not assumed any guarantee obligation under the New Exchangeable Notes.

On 28 December 2016 and 8 May 2017, second and third supplemental subscription agreements were respectively entered into among Mr. Lai, Ping An Securities, Shine Well, Abacus International and IBO Shenzhen, pursuant to which, among others: (i) the maturity date of the New Exchangeable Notes has been extended to 11 January 2018; (ii) the parties confirmed that Shine Well has paid HK\$4,500,000 to Ping An Securities on 23 December 2016 for the settlement of all the interest payable under the Original Exchangeable Notes and the interest payable up to 11 January 2017 under the New Exchangeable Notes; and (iii) the parties confirmed that the Exchanged Shares (as defined below) shall represent 9% of the entire issued share capital of our Company as at the date of exercise, which is 6.75% of the entire issued share capital of our Company immediately after the Listing (unless the Over-allotment Options are exercised).

The principal terms of the New Exchangeable Notes are set out below:

Interest:	15% per annum
Transferability:	The New Exchangeable Notes are not freely transferrable unless it is agreed by each party and it does not breach the requirements of any laws, rules, regulations or guidelines (including but not limited to the Listing Rules and/or guidance) and/or any enquiry or comments raised by the Stock Exchange
Maturity date:	11 January 2018 (the “ Maturity Date ”)
Right to exchange:	The holder of the New Exchangeable Notes is entitled to exchange the New Exchangeable Notes for Shares within seven Business Days from the Maturity Date, whereupon its principal amount and all the interest accrued thereon after 11 January 2017 shall be exchanged to the Shares held by Shine Well representing 9% of the entire issued share capital of our Company as at the date of exercise, which is 6.75% of the entire issued share capital of our Company immediately after the Listing (unless the Over-allotment Options are exercised) (the “ Exchanged Shares ”)

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Automatic exchange: In any event, if the approval for Listing is granted, the New Exchangeable Notes together with all the interest accrued thereon after 11 January 2017 shall be automatically exchanged to the Exchanged Shares within three Business Days prior to the Listing Date

Early Redemption: Shine Well has no right to redeem the New Exchangeable Notes before the Maturity Date

Redemption upon maturity: If the holder of the New Exchangeable Notes does not exercise its exchange rights within seven Business Days from the Maturity Date, Shine Well shall pay the principal amount and all the interest accrued thereon after 11 January 2017 to such holder to redeem the New Exchangeable Notes

Security:

- (i) Shine Well created the charge over 9,000 Shares it held in favour of Ping An Securities; and
- (ii) Mr. Lai gave the personal guarantee in favour of Ping An Securities for the performance of the obligations of the EN Supplemental Subscription Agreement by Shine Well.

All such charge and obligation shall be discharged and released upon either (i) the New Exchangeable Notes is redeemed; (ii) the New Exchangeable Notes are exchanged for Shares; or (iii) the Listing of our Company.

Century Race

On 11 May 2016, Century Race and Mr. Lai entered into a sale and purchase agreement, pursuant to which Century Race acquired 60,000 shares of Shine Well (representing 6% of the entire issued share capital of Shine Well) from Mr. Lai on the same date at a consideration of HK\$20,000,000, which was determined after arm's length negotiation between the parties with reference to the historical earnings and the growth potential of our Group's business. Century Race is a wholly-owned subsidiary of Value Convergence Holdings Limited, whose shares are currently listed on the Main Board of the Stock Exchange (stock code: 0821). Save for the aforesaid investment in our Group, Century Race is an Independent Third Party.

On 7 July 2016, following the restructuring of our Group, Century Race acquired 6,000 Shares (representing 6% of the entire issued share capital of our Company) from Shine Well at the consideration of HK\$20,000,000 (the "**Replacement Consideration (6%)**") whereas Mr. Lai acquired 60,000 shares of Shine Well (representing 6% of the entire issued share capital of Shine Well) from Century Race at the consideration of HK\$20,000,000 (the "**Buy Back Consideration (6%)**") pursuant to a sale and purchase agreement entered into among Century Race, Mr. Lai and Shine Well. The Replacement Consideration (6%) payable by Century Race was set off against the Buy Back Consideration (6%) receivable by Century Race. As a result, Shine Well assumed the Buy Back Consideration (6%) payable by Mr. Lai to Century Race whereas the amount of HK\$20,000,000 was

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

payable by Mr. Lai to Shine Well. On the same date, Century Race acquired 4,500 extra Shares (representing 4.5% of the entire issued share capital of our Company) from Shine Well at the consideration of HK\$15,000,000.

Millionplus

On 3 June 2016, Millionplus and Mr. Lai entered into a sale and purchase agreement, pursuant to which Millionplus acquired 30,000 shares of Shine Well (representing 3% of the entire issued share capital of Shine Well) from Mr. Lai on the same date at a consideration of HK\$10,000,000, which was determined after arm's length negotiation between the parties with reference to the historical earnings and the growth potential of our Group's business. Ms. Tin Nga Fong is the ultimate sole shareholder of Millionplus. Save for the aforesaid investment in our Group, each of Millionplus and its ultimate benefiting owner is an Independent Third Party.

On 7 July 2016, following the restructuring of our Group, Millionplus acquired 3,000 Shares (representing 3% of the entire issued share capital of our Company) from Shine Well at the consideration of HK\$10,000,000 (the "**Replacement Consideration (3%)**") whereas Mr. Lai acquired 30,000 shares of Shine Well (representing 3% of the entire issued share capital of Shine Well) from Millionplus at the consideration of HK\$10,000,000 (the "**Buy Back Consideration (3%)**") pursuant to a sale and purchase agreement entered into among Millionplus, Mr. Lai and Shine Well. The Replacement Consideration (3%) payable by Millionplus was set off against the Buy Back Consideration (3%) receivable by Millionplus. As a result, Shine Well assumed the Buy Back Consideration (3%) payable by Mr. Lai to Millionplus whereas the amount of HK\$10,000,000 was payable by Mr. Lai to Shine Well.

Upright Joy

On 7 July 2016, Shine Well transferred 9,500 Shares to Upright Joy, whose ultimate sole shareholder is Mr. KM Lai, a son of Mr. Lai, by way of a deed of gift.

To facilitate the sale of Shares by Shine Well to Huida as mentioned immediately below and to maintain the controlling interest of Shine Well after Listing, Upright Joy transferred 9,500 Shares back to Shine Well on 22 December 2016 by way of a deed of gift.

Huida

On 22 December 2016, Huida and Shine Well entered into a sale and purchase agreement, pursuant to which Huida acquired 6,500 Shares (representing 6.5% of the entire issued share capital of our Company) from Shine Well on the same date at a consideration of HK\$30,000,000, which was determined after arm's length negotiation between the parties with reference to the historical earnings and the growth potential of our Group's business. Mr. Yip Man Yung is the ultimate sole shareholder of Huida. Save for the investment in our Group, each of Huida and its ultimate beneficial owner is an Independent Third Party.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The principal terms of the abovementioned pre-IPO investments are set out below:

Name of Investor:	Ping An Securities Limited	Century Race Investments Limited	Millionplus Holdings Limited	Huida Global Limited
Strategic benefits:	Our Directors are of the view that our Company can benefit from the Pre-IPO Investors' commitment to our Company which strengthens our shareholder base. Moreover, their investments demonstrate their confidence in our operation and serve as an endorsement of our performance and prospects			
Date of agreement:	6 July 2016	7 July 2016	7 July 2016	22 December 2016
Consideration/ subscription price:	HK\$30,000,000 was paid by Ping An Securities to Shine Well as the subscription price	HK\$35,000,000	HK\$10,000,000	HK\$30,000,000
	HK\$4,500,000 was paid by Shine Well to Ping An Securities as interest payable up to 11 January 2017			
Basis of determination of consideration/ subscription price:	The subscription price was determined after arm's length negotiation between the parties with reference to the historical earnings and the growth potential of our Group's business.	The consideration was determined after arm's length negotiation between the parties with reference to the historical earnings and the growth potential of our Group's business.	The consideration was determined after arm's length negotiation between the parties with reference to the historical earnings and the growth potential of our Group's business.	The consideration was determined after arm's length negotiation between the parties with reference to the historical earnings and the growth potential of our Group's business.
Date of payment:	6 July 2016 (payment of the subscription price by Ping An Securities)	7 July 2016	7 July 2016	22 December 2016 (as to HK\$29,000,000)
	23 December 2016 (payment of the interest by Shine Well)			23 December 2016 (as to HK\$500,000)
				28 December 2016 (as to HK\$500,000)
Approximate cost of investment per Share:	HK\$1.1	HK\$1.1	HK\$1.1	HK\$1.5
Approximate percentage of discount to the mid-point of the Global Offering Price:	33.3%	33.3%	33.3%	9.1%
Use of Proceeds:	Not applicable as all the relevant consideration was received by Shine Well			

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Name of Investor:	Ping An Securities Limited	Century Race Investments Limited	Millionplus Holdings Limited	Huida Global Limited
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Special Rights: Nil

1. Profit Guarantee

Mr. Lai and Shine Well guaranteed that:

- (i) The net profit (after tax and minority interests) (“NPAT”) of our Group for the year ended 31 March 2017 shall be not less than RMB37.5 million; and
- (ii) The NPAT of our Group for the year ended 31 March 2018 shall be not less than RMB50.0 million.

In the event that the NPAT of our Group falls below the guaranteed amount in any of the two years, Mr. Lai and Shine Well shall compensate the relevant Pre-IPO Investor in cash an amount calculated as follows:

$$A = (B - C) \times D$$

where

A = compensation amount

B = the guaranteed profit of the relevant year

C = NPAT of our Group for the relevant year

D = the percentage of shareholding interest in our Company held by the relevant Pre-IPO Investor as at the relevant financial year end date

2. Put Option

The relevant Pre-IPO Investor has the right to require Mr. Lai and Shine Well to buy back its shareholding interest in our Company if our Company is not listed on the Main Board on or before 31 December 2017. The consideration shall be payable in cash and calculated as the relevant Pre-IPO Investor’s acquisition cost plus an annual return of 15%, less any dividend it has received from our Company. Such right is deemed to be waived if it is not exercised within 14 Business Days after the receipt of the audited accounts of our Group for the year ended 31 March 2018 by the relevant Pre-IPO Investor.

3. Appointment of Directors

Before Listing, Century Race has the right to appoint a director of our Company. Nil Nil

All the above rights shall terminate and cease to be effective upon Listing.

Number of Shares held immediately following the completion of the Global Offering and the Capitalisation Issue (assuming no Over-allotment Option is exercised):	27,000,000	31,500,000	9,000,000	19,500,000
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HISTORY, REORGANISATION AND CORPORATE STRUCTURE

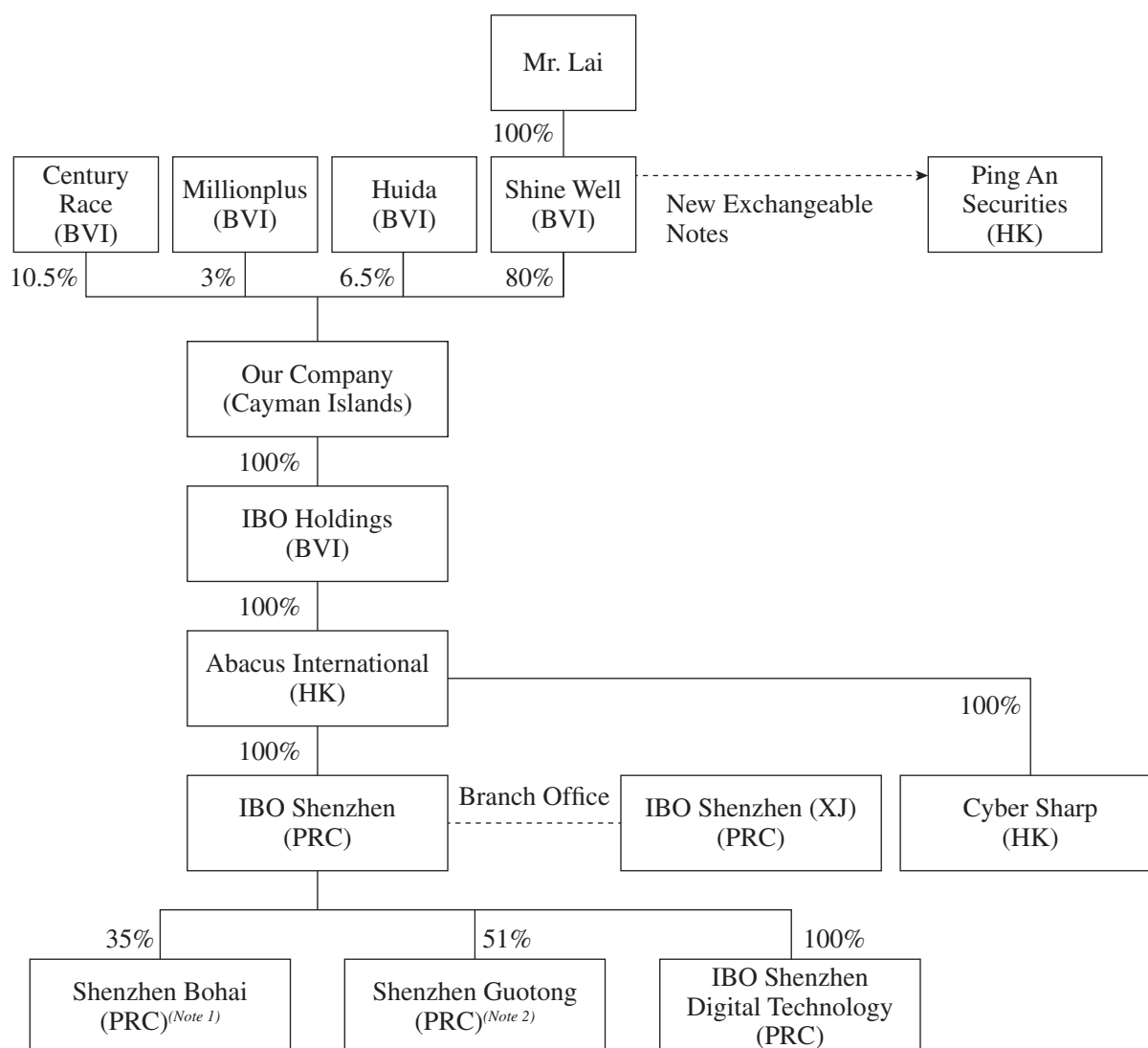
Name of Investor:	Ping An Securities Limited	Century Race Investments Limited	Millionplus Holdings Limited	Huida Global Limited
Shareholding in our Company immediately following the completion of the Global Offering and the Capitalisation Issue (assuming no Over-allotment Option is exercised):	6.75%	7.875%	2.25%	4.875%
Lock-up:	<p>Ping An Securities undertakes not to dispose of or otherwise encumber any of its interest in the New Exchangeable Notes and/or in our Company during the period from 6 July 2016 to the date falling on the expiration of 6 months of Listing (both days inclusive).</p> <p>Ping An Securities Group (Holdings) Limited has executed a letter of undertaking on 6 July 2016, pursuant to which it undertakes not to dispose of or otherwise encumber its shareholding in Ping An Securities during the period from 6 July 2016 to the date falling on the expiration of 6 months of Listing (both days inclusive).</p>	<p>Century Race undertakes not to dispose of or otherwise encumber any of its interest in our Company during the period from 7 July 2016 to the date falling on the expiration of 6 months of Listing (both days inclusive).</p> <p>Value Convergence Holdings Limited has executed a letter of undertaking on 7 July 2016, pursuant to which it undertakes not to dispose of or otherwise encumber its shareholding in Century Race during the period from 7 July 2016 to the date falling on the expiration of 6 months of Listing (both days inclusive).</p>	<p>Millionplus undertakes not to dispose of or otherwise encumber any of its interest in our Company during the period from 7 July 2016 until the Listing.</p> <p>Ms. Tin Nga Fong has executed a letter of undertaking on 7 July 2016, pursuant to which she undertakes not to dispose of or otherwise encumber her shareholding in Millionplus during the period from 7 July 2016 until the Listing.</p>	<p>Huida undertakes not to dispose of or otherwise encumber any of its interest in our Company during the period from 22 December 2016 until the Listing.</p> <p>Mr. Yip Man Yung has executed a letter of undertaking on 22 December 2016, pursuant to which he undertakes not to dispose of or otherwise encumber his shareholding in Huida during the period from 22 December 2016 until the Listing.</p>
Public Float:	As none of the Pre-IPO Investors are core connected persons of our Company, Shares held by the Pre-IPO Investors will be counted as part of the public float for the purposes of Rule 8.08 of the Listing Rules.			

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Sole Sponsor's Confirmation

The Sole Sponsor is of the view that the terms of the abovementioned pre-IPO investment agreements are in compliance with the Interim Guidance on pre-IPO investments HKEx-GL29-12 as well as the Guidance Letters HKEx-GL43-12 and HKEx-GL44-12.

Following the Reorganisation and the establishment of the subsidiaries, the shareholding and corporate structure of our Group was as follows:



Notes:

1. Shenzhen Bohai was owned as to (a) 35% by IBO Shenzhen; (b) 15% by Golden Spring; (c) 30% by Mr. Jia Yongzhong; and (d) 20% by Mr. Wang Baoliang, where it has been agreed, among others, that (i) IBO Shenzhen is the actual controller of Shenzhen Bohai; and (ii) Mr. Jia Yongzhong and Mr. Wang Baoliang are acting in concert with IBO Shenzhen.
2. Shenzhen Guotong was owned as to (a) 51% by IBO Shenzhen; and (b) 49% by Mr. Guo Dongxing.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

As confirmed by our Directors, each of the transactions made in the Reorganisation was properly and legally completed and settled. No approval is required from the relevant regulatory authorities.

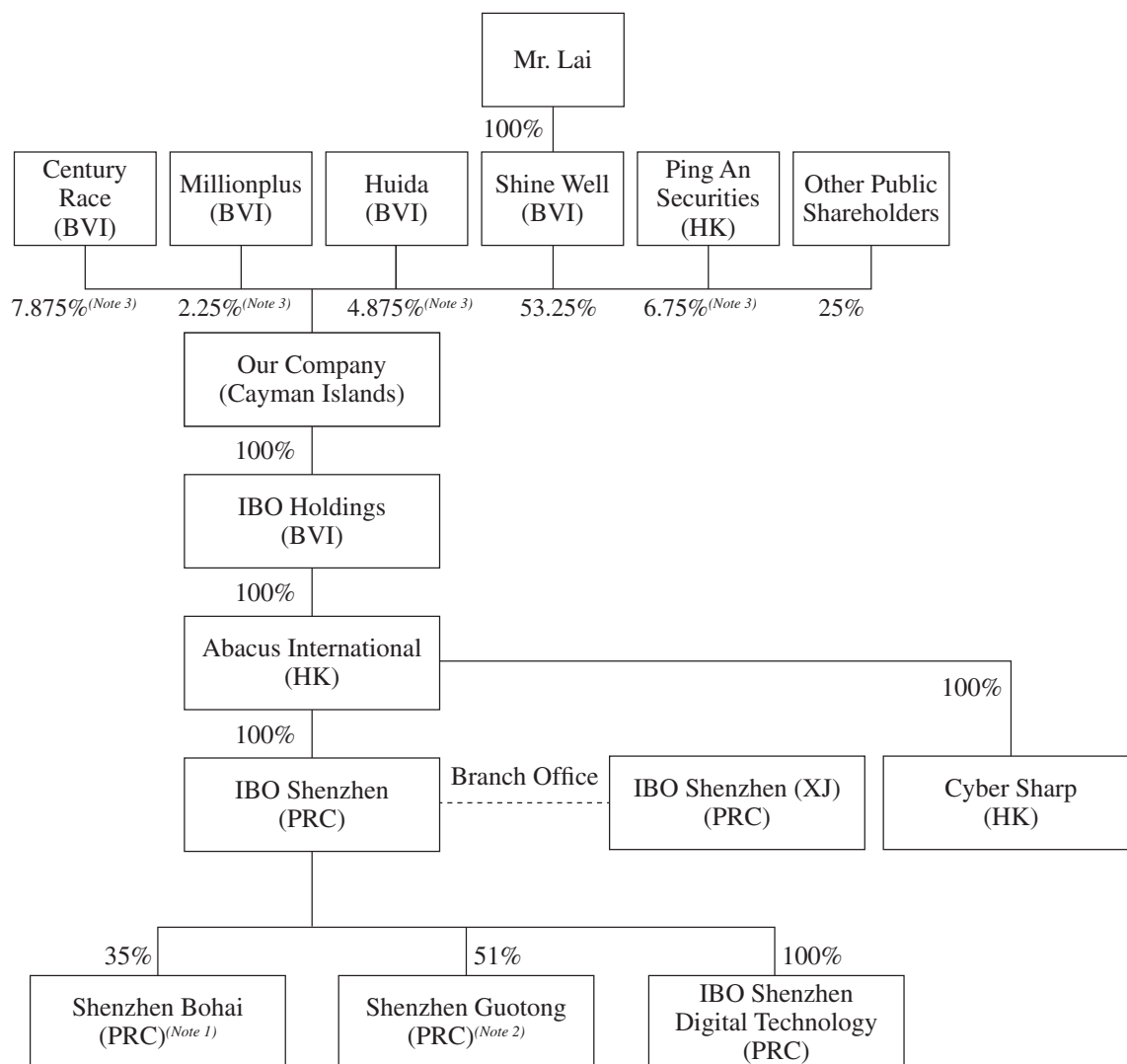
Capitalisation Issue

On 6 December 2017, the authorised share capital of our Company increased from HK\$390,000 to HK\$10,000,000 by the creation of an additional 961,000,000 shares of HK\$0.01 each in the share capital of our Company.

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorised to capitalise an amount of HK\$2,999,000 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 299,900,000 Shares for issue and allotment to our Shareholder(s) whose names appear in our Company's register of members at the close of business on the date falling on the immediate Business Day prior to the Listing Date subsequent to the automatic exchange of the New Exchangeable Notes, on a pro rata basis.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Corporate structure immediately upon completion of the Global Offering and the Capitalisation Issue



Notes:

1. Shenzhen Bohai was owned as to (a) 35% by IBO Shenzhen; (b) 15% by Golden Spring; (c) 30% by Mr. Jia Yongzhong; and (d) 20% by Mr. Wang Baoliang, where it has been agreed, among others, that (i) IBO Shenzhen is the actual controller of Shenzhen Bohai; and (ii) Mr. Jia Yongzhong and Mr. Wang Baoliang are acting in concert with IBO Shenzhen.
2. Shenzhen Guotong was owned as to (a) 51% by IBO Shenzhen; and (b) 49% by Mr. Guo Dongxing.
3. As none of the Pre-IPO Investors are core connected persons of our Company, Shares held by the Pre-IPO Investors will be counted as part of the public float for the purposes of Rule 8.08 of the Listing Rules.

ACQUISITION PROVISIONS FOR FOREIGN INVESTORS

The Provisions on the Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the “**Acquisition Provisions**”) promulgated by six PRC ministries including the MOFCOM, the State Assets Supervision and Administration Commission, the State Administration of Taxation, the State Administration for Industry and Commerce, CSRC and SAFE, which took effect on 8 September 2006 and were amended on 22 June 2009, provide the rules with which foreign investors shall comply if they seek to purchase the equities of a domestic non-foreign-funded enterprise or to subscribe the increased capital of a domestic non-foreign-funded enterprise, which will subsequently change the domestic non-foreign-funded enterprise into a foreign-funded enterprise.

Our PRC Legal Advisers are of the view that (i) IBO Shenzhen is a foreign-funded enterprise which was established under the approval of the competent commercial authority before the Acquisition Provisions took effect, its establishment and changes in shareholdings did not involve foreign investors purchasing the equities of a domestic non-foreign-funded enterprise or related acquisitions as stipulated in the Acquisition Provisions, therefore the requirement of approval by MOFCOM in the Acquisition Provisions is not applicable; (ii) no approval of the CSRC or other PRC authorities for the Listing is required.

CIRCULAR 37

On 4 July 2014, the SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents Through Overseas Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the “**Circular 37**”), which provides certain requirements of registration of the PRC domestic residents with the SAFE in relation to their contributions of assets or equity interests to special-purpose vehicles. Please refer to the section headed “Regulatory Overview — Laws and Regulations over Foreign Exchange — Circular 75 and Circular 37” in this prospectus for details.

Since our ultimate beneficial owners Mr. Lai, Ms. Tin Nga Fong and Mr. Yip Man Yung are Hong Kong permanent residents and do not habitually reside in the PRC for economic interests, our PRC Legal Advisers are of the view that Mr. Lai, Ms. Tin Nga Fong and Mr. Yip Man Yung are not subject to the foreign exchange registration process under the Circular 37.

OVERVIEW

We are a National High and New Technology Enterprise (國家高新技術企業) that focuses on providing comprehensive IoT intelligent terminal product application and solutions services in the PRC. IoT refers to a network that enables intelligent identification, positioning, tracking, monitoring and management of targeted objects by way of exchange of information and communication between such targets and the internet *via* intelligent terminal products. For further details regarding the qualifications requirements of accreditation as a National High and New Technology Enterprise, please refer to the section headed “Regulatory Overview — Laws and regulations in relation to National High and New Technology Enterprises accreditation” in this prospectus. According to the F&S Report, there were a total of approximately 100,000 enterprises accredited as a National High and New Technology Enterprise in the PRC as at 31 December 2016. We offer tailor-made products, applications and solutions with a special emphasis in the area of city public safety management within the “Smart City” market in the PRC to cater for our customers’ needs and requirements such as safety production supervision, hazards supervision and other specific items such as asset management, vehicle management and personnel management.

Established in April 2000, we provide comprehensive, integrated and highly customisable range of IoT services to our customers, including (i) provision of comprehensive and tailor-made solutions applying IoT and related technologies; (ii) development, production and sales of independently designed customisable IoT intelligent terminal products; (iii) provision of customised software development services; and (iv) provision of information systems software and hardware maintenance services. Our businesses can be largely categorised into four operating segments, namely (i) system integration; (ii) intelligent terminal products sales; (iii) software development; and (iv) system maintenance services. Our major customers include governmental authorities, state-owned enterprises and private enterprises in the PRC. According to the F&S Report, we were ranked as one of the top 5 active RFID device providers in the PRC in terms of sales revenue for the year between 1 April 2016 and 31 March 2017.

We have been awarded the Information System Integration and Services Qualification Certification (Grade II) by the China Electronics Information Industry Federation of the PRC and are also the holder of the ISO9001:2008 Quality Management System Certificate. As at the Latest Practicable Date, we owned 2 invention patents, 10 utility model patents, 5 design patents, 26 computer software copyrights, 16 trademarks, and 10 explosion protection certificates of conformity.

Leveraging on our extensive experience in IoT technologies, application and solutions accumulated over 10 years and our growing success in the area of city public safety management in recent years, we are expanding our businesses into other sectors of the PRC “Smart City” market. In March 2016, we entered into a contract of approximately RMB114 million with a state-owned enterprise in relation to the commencement and implementation of the first intelligent traffic control system in Ürümqi, Xinjiang.

We have benefited from favourable government policy and industry trends. According to the F&S Report, from 2010 to 2016, the market size of IoT application in the area of city public safety management by sales revenue increased from RMB24.2 billion to RMB184.7 billion with a CAGR of 40.3%. The size of the “Smart City” market in the PRC by total investment value, including infrastructure, hardware and software, had increased significantly from RMB376.6 billion in 2010 to RMB1,114.3 billion in 2016, representing a CAGR of 19.8%.

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Our businesses had expanded rapidly during the Track Record Period. Our revenue increased by approximately RMB27.8 million, or 95.5%, from approximately RMB29.1 million for the year ended 31 March 2015 to approximately RMB56.9 million for the year ended 31 March 2016, and increased by approximately RMB47.0 million, or 82.6%, from approximately RMB56.9 million for the year ended 31 March 2016 to approximately RMB103.9 million for the year ended 31 March 2017. Our revenue increased by approximately RMB40.9 million, or 2.6 times, from approximately RMB16.0 million for the four months ended 31 July 2016 to approximately RMB56.9 million for the four months ended 31 July 2017. Our profit and total comprehensive income increased by approximately RMB15.2 million, or 156.7% from approximately RMB9.7 million for the year ended 31 March 2015 to approximately RMB24.9 million for the year ended 31 March 2016, and increased by approximately RMB4.5 million, or 18.1%, from approximately RMB24.9 million for the year ended 31 March 2016 to approximately RMB29.4 million for the year ended 31 March 2017. Our profit and total comprehensive income for the four months ended 31 July 2017 increased by approximately 66.7% from approximately RMB2.4 million for the four months ended 31 July 2016 to approximately RMB4.0 million for the four months ended 31 July 2017.

Our Directors believe that the IoT and “Smart City” concepts in the PRC, which are supported by favourable PRC Government policies, represents a promising market with enormous potential growth that will bring sustainable development to our Company to be achieved through seizing the appropriate market opportunities and our timely expansion into different sectors of the PRC “Smart City” market. According to the F&S Report, during the period from 2016 to 2021, the “Smart City” market is expected to reach approximately RMB3,091.6 billion by 2021, representing a CAGR of approximately 22.6%; the size of the PRC IoT market is expected to grow to approximately RMB2,075.0 billion by 2020, representing a CAGR of approximately 22.5%; and the market size of the application of IoT technologies in the area of city public safety management is expected to attain approximately RMB730.5 billion by 2021, with a CAGR of 31.7%. We believe that our strong technical capabilities and our well-established track record and experience will enable us to capitalise on these favourable industry trends and achieve sustainable growth in the future.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have been the key factors for our success and will enable us to maintain our market position and capture the anticipated future growth in our target markets.

We have strong R&D capabilities and technologies

We have our own in-house software and hardware R&D teams. As at the Latest Practicable Date, our in-house R&D teams comprised about 30 staff stationed at our headquarters in Shenzhen, accounting for approximately 18.4% of our total staff, and a number of them possessed over 15 years of experience in high and new technologies. Among our R&D staff, all of them hold college degrees or above in software development, information engineering or other related areas.

During the Track Record Period, a majority of our products, software and system solutions were self-developed, with no assistance from external technical support. In particular, products we self-developed independently include, but not limited to, active RFID tags, RFID reading device sets, sensory electronic tags and RFID mobile reading terminals. Our R&D teams are also capable of designing electronic circuit boards, developing embedded software and structures. We also have the

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essential equipment and facilities to carry out product testing simulation. As such, we are capable of independently developing and designing intellectual terminal products and satisfying the requirements of our customers. As at the Latest Practicable Date, we had (i) 17 registered patents; and (ii) 26 registered computer software copyrights in the PRC.

Leveraging on our extensive experience and technological know-how in IoT products and solutions, we are pushing to further expand the application of IoT technologies to other areas of city public safety management, for example, hazards supervision. We have attained strong R&D capabilities in the area of explosion-proof technologies and have developed 10 products which have been accredited with the explosion protection certificate of conformity issued by the national designated certification bodies in the PRC. According to PRC laws and regulations, only products with explosion-proof certificates of conformity are permitted to be used in premises where explosion protection is required.

We are dedicated in providing comprehensive, integrated and customisable IoT products and services to cater for different needs and requirements of our customers from different industries

We take pride in our ability to provide comprehensive, integrated and highly customisable IoT products and services that can cater for the unique needs and requirements of customers from different industries. Our customers are able to enjoy the convenience of an integrated service experience from (i) consultation and advice; (ii) hardware and/or software development; (iii) system integration; (iv) implementation; and (v) management and maintenance of IoT systems. Our products and services commonly utilise IoT technologies with the combination of hardware devices and software. During the Track Record Period, customers of our products and services included governmental authorities, energy companies, information technology companies, banks, schools and trading companies. Our integrated business model has allowed us to be capable of independently providing a wide range of products and services that cover many aspects of the IoT intelligent terminal product application and solutions value chain. Accordingly, we provide IoT intelligent system solutions as well as a wide range of self-developed software and IoT intelligent terminal products to our customers which are customisable according to the specific needs of our customers. During the Track Record Period, we have been able to deliver varying degrees of customisation according to the requests of our customers, including ultra energy-saving, ultra-long and anti-disruption transmissible distance, customised embedded software, explosion-proof, and ultra protection design against severe environmental condition (such as anti-corrosion and anti-static functions).

Our Directors believe that, through our integrated services, our customers can be provided with comprehensive information system solutions. We are also able to capitalise on the cross-selling and marketing opportunities derived from our integrated business model, which allows us to have more efficient allocation of resources, deliver our services to cater for the actual needs of our customers and accordingly strengthen our customers' confidence on us. The economies of scale of our operations are also maximised through our business model. Our integrated and comprehensive servicing capability has also earned us a favourable position in winning stand-alone projects and sub-parts of other large-scaled solutions projects.

We have an experienced and dedicated management team

Our management team has extensive experience in high and new technologies and IoT-related industries. Our management team has an average of over 10 years of industry experience with demonstrated management skills. Our Directors have been instrumental in efficiently leading our business growth. Mr. Lai, chairman of the Board and executive Director, has approximately 17 years of experience in the industry of information technology, which is crucial in facilitating us in identifying market trends and capitalising business opportunities. Mr. Gao, executive Director and chief executive officer of our Company, and Mr. Teng, executive Director and chief technical officer of our Company, also have more than 20 years and more than 15 years of experience in technology-related industries respectively.

Our Directors are supported by our senior management who had been working with us for an average of more than 10 years. Our senior management, which has extensive industry experience in areas including high and new technologies, accounting, sales and marketing and financial management, has developed an extensive network with customers and suppliers, and maintained long-term business relationships. Our Directors believe that this attributes to our way of success. For the details of the experience of our management team, please refer to the section headed “Directors and senior management” in this prospectus.

We place great emphasis on selecting, training and retaining staff, and recognise that talented employees are indispensable in supporting our future development. We also place great emphasis on improving our internal training system and provide our staff with regular in-house and external training opportunities. In addition, we have comprehensive staff evaluation standards, monitoring mechanisms, salary systems and incentive mechanisms that are closely linked with performance.

We have a proven track record and a solid established position in the sub-set of hazards supervision of the city public safety management sector

We have a solid track record of delivering solutions to our customers in the area of hazards supervision, a sub-set of the city public safety management sector. From 2002, we started expanding our business from development of application software to computer system integration and system maintenance services for information systems. We had constructed a petrol filling IC card system for a large-scaled state-owned petroleum company, for which, we have also been engaged in the system’s day-to-day maintenance up to now. In 2005, we entered into the emerging IoT industry and started researching on IoT technologies and began to develop, produce and sell IoT-related products. Meanwhile, we began our system integration business by applying IoT technologies and gradually expanded into the city public safety management sector of the “Smart City” market. During the Track Record Period, our aggregated revenue derived from the sales of our digital gas cylinder monitoring system in Xinjiang amounted to approximately RMB17.1 million. Furthermore, in May 2017, we had successfully won the tender in respect of being the exclusive provider of the digital gas cylinder monitoring system for civilian and industrial use in Karamay, Xinjiang, with a tender sum of approximately RMB4.2 million. Our track record and our extensive experience accumulated over 10 years demonstrate our established position and solid foundation in the sub-set of hazards supervision of the city public safety management sector. Besides, given the rapidly growing and enormous potential of the “Smart City” market and having accumulated experience and technical capabilities for over a decade, we have expanded into sectors other than city public safety management in the “Smart City”

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market in the recent years. In 2016, we successfully entered into a cooperation contract and have commenced to build the first intelligent traffic control system in Ürümqi, Xinjiang, marking our first milestone in our expansion into other sectors of the “Smart City” market.

Our Directors believe our established market position in the area of hazards supervision of the city public safety management sector and long term presence in the industry have helped us build a solid foundation for the future growth of our business, particularly expanding our business scope to other areas of the city public safety management sector and other sectors in the “Smart City” market such as smart transportation and smart education, etc.

We maintain high standards of quality control

Our Directors consider that one of the factors contributing to our Group’s success is our ability to deliver quality products and services to our customers. Our Directors believe that maintaining a high level of product and service quality is vital to enhancing the competitiveness of our Company. Therefore, we are dedicated in ensuring a high level of quality control for our products and services in the production process. We conduct quality assurance procedures at various stages over raw materials and finished products. In respect of supplies from our suppliers, our quality control team will examine the raw materials from our raw material suppliers before delivery to the third-party manufacturers and would inspect again the finished products manufactured by our third-party manufacturers. Any raw materials or finished goods that fail to meet our quality standards, specifications and requirements will be returned to our suppliers or third-party manufacturers for replacement, refund or remanufacturing. Driven by our uncompromising requirement for product quality, we have developed a rigorous quality management system in accordance with ISO9001:2008 and have been awarded the ISO9001:2000 Quality Management System Certificate since 2003. We believe that our Group’s commitment to high quality and reliability helps strengthen the recognition and trust among our customers, which would in turn result in increased sales of our Company. For further details, please refer to the section headed “Business — Quality control” in this prospectus.

OUR BUSINESS STRATEGIES AND FUTURE PLANS

We intend to maintain and further strengthen our market leadership position in the provision of active RFID devices, and by leveraging on the industry growth and our experience, further develop and extend the application of our IoT technologies in other areas of the city public safety management sector and other sectors of the “Smart City” market in the future, through the following strategies:

Continue to solidify and strengthen our R&D capabilities and improve the quality of our service and products

Given the technology intensive nature of the IoT intelligent terminal product application and solutions industry, in order to meet the increasingly stringent market requirements for rapid technology advancement, we will endeavour to continue to improve our independent R&D capabilities to solidify our existing technological advantages. We plan to:

- (a) upgrade and push forward technology advancement in our core technologies and products, in particular, relating to our active RFID devices and our IoT gas cylinder electronic monitoring system;
- (b) research and develop a larger range of IoT intelligent equipment for different areas relating to city public safety management or other sectors of the “Smart City” market, such as the monitoring of hazardous goods, digital vehicle and driver identification, food safety traceability and intelligent parking;
- (c) innovate and develop core technologies applicable to enhancing our servicing capabilities in providing system maintenance services; and
- (d) utilise cloud computing, IoT and big data research results to provide more comprehensive solutions for “Smart City” initiatives.

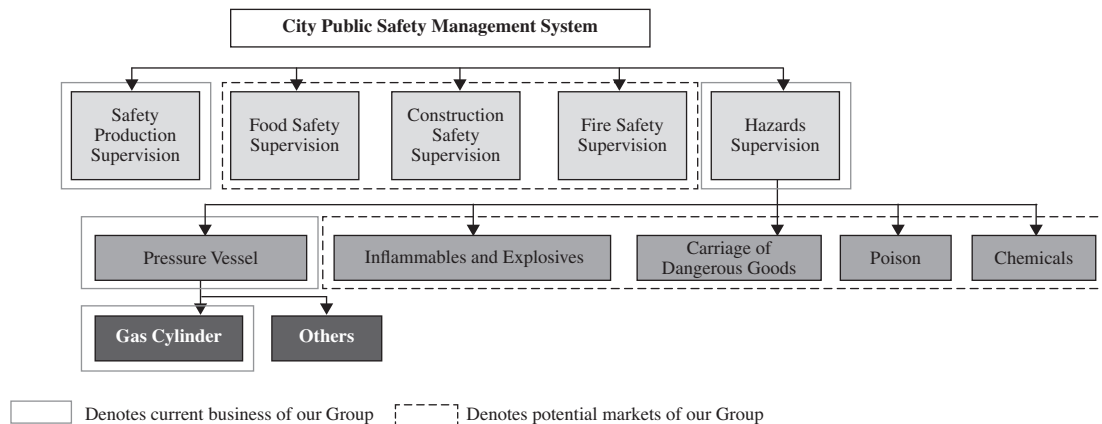
We will improve our R&D capability by consistently improving our R&D facilities and recruiting and training talents. We will continue to facilitate the improvement of our R&D facilities and to recruit and train talents and improve the incentive mechanism. We also plan to bring in new synergies in technology and product development through strategic mergers and acquisitions, and further improve our technological innovation capability and core competitiveness through innovation.

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To further sharpen our established position in the area of hazards supervision and to develop other areas within the city public safety management sector

According to the F&S Report, the PRC IoT market size by value recorded a rapid growth from RMB751.7 billion in 2015 to RMB2,075.0 billion in 2020, representing a CAGR of 22.5%. In particular, from 2010 to 2015, the market size of IoT application in the city public safety management market increased from RMB24.2 billion to RMB184.7 billion with a robust CAGR of 40.3%. From 2016 to 2021, as IoT technologies will be further developed and applied extensively in the public safety market, the market size of IoT in city public safety management market is expected to grow to RMB730.5 billion with a CAGR of 31.7%. Given that this market represents a promising market with enormous potential growth in the future, we intend to continue to sharpen our focus on the city public safety management sector, in order to capture the market opportunities.

Currently, in the city public safety management sector, our Group mainly engages in the areas of hazards supervision and safety production supervision. In particular, during the Track Record Period, our aggregated revenue derived from the sales of our digital gas cylinder monitoring system in Xinjiang amounted to approximately RMB17.1 million. Furthermore, in May 2017, we had successfully won the tender in respect of being the exclusive provider of the digital gas cylinder monitoring system for civilian industrial use in Karamay, Xinjiang, with a tender sum of approximately RMB4.2 million. Our successful development and implementation of the system exhibits our success and solid foundation in the area of hazards supervision. Building on this foundation, we will devote more resources in promoting our successfully implemented solutions in respect of the monitoring of gas cylinders and other areas relating to city public safety management to enhance public awareness and industry recognition of our Group. The graph below sets out the areas of city public safety management that our Group is currently engaged in and the potential areas that we target to expand into:

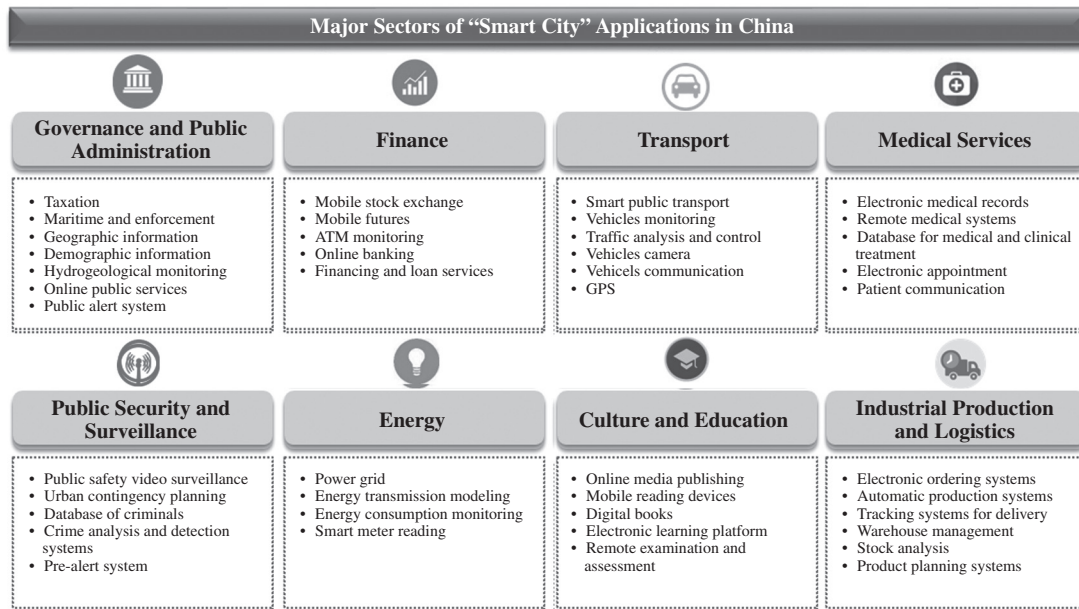


We aim to increase our market visibility and brand recognition by deepening and enhancing the application of our IoT technologies in the areas relating to city public safety management, and to ultimately attain market leadership position in respect of application of IoT technologies in the sector as a whole.

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To actively expand our businesses through extending the application of our IoT technologies and experience in system integration and system maintenance into different sectors of the “Smart City” market

We will further actively seek to increase our level of participation in “Smart City” initiatives in the PRC and strive to become a leading integrated IoT intelligent terminal product application and solutions provider in the “Smart City” market. We will strive to extend the application of our IoT technologies and experience in system integration and system maintenance into different sectors of the “Smart City” market, such as smart transportation, smart education and smart medical, where the appropriate opportunity arises. Major sectors of the PRC “Smart City” market are set out in the diagram below:



Source: Frost & Sullivan

According to the F&S Report, as driven by the continuous support from the PRC Government and the in-pour of capital from the public, the PRC “Smart City” market by investment value in information technology (including information technology related solutions and services) is expected to sustain strong growth at an expected CAGR of 24.0% between 2016 to 2021 and reach RMB893.4 billion in 2021. Thus, we intend to actively expand our business operations into this vibrant market and endeavour to maximise the application of our IoT technologies and experience in system integration and system maintenance into different sectors through applying such technologies experience in customisable products and solutions to address the specific needs pertaining to the different sectors.

In general, the typical “Smart City” development requires the seamless integration of infrastructure, hardware and software. Hence, “Smart City” projects are typically large-scaled and complex. In this regard, we will strategically cooperate with large-scaled information technology companies to participate in the development and construction of “Smart City” initiatives.

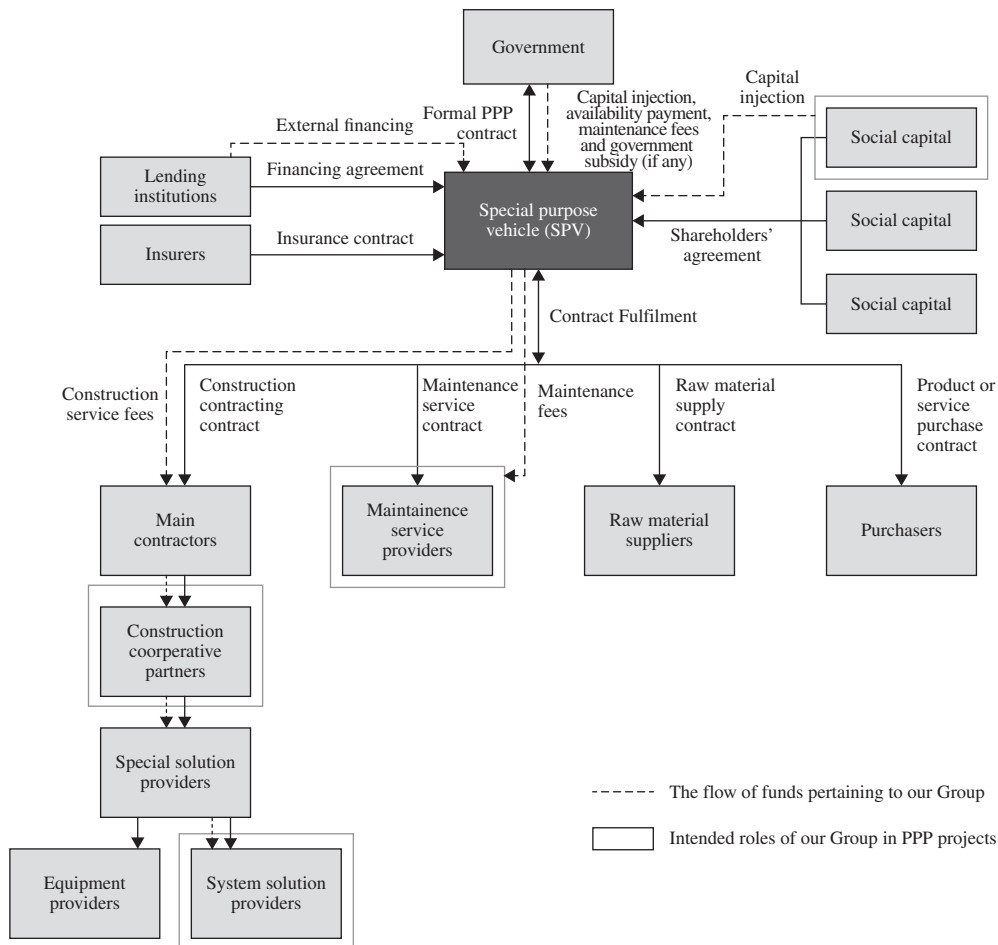
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To explore different forms of business cooperation

In addition to exploring business opportunities in the private sector, leveraging on our rich experience in undertaking state-funded projects, we will actively seek business opportunities through exploring different forms of cooperation with government entities, such as the PPP model.

According to relevant PRC national policies, private capital is encouraged to participate in the public sector, and pursuant to which, PPP is increasingly adopted in public infrastructure projects in China. The PPP model is the model of cooperation predominantly adopted in “Smart City” initiatives led by the PRC Government, whereby the local government would cooperate with selected social investors for the establishment and development of “Smart Cities” regionally. According to the requirement under the Notice to Promote the Modes for Joint Cooperation and Trial Operational Guidelines to Joint Cooperation between the Government Entities and the Social Capital (《關於印發政府和社會資本合作規模操作指南(試行)的通知》) issued by the Ministry of Finance, the contractual term of PPP projects is generally 10 years or above.

For the projects involving PPP, depending on the project requirements imposed by the government, the project may be managed or conducted on BT, BOT, BOO or other similar basis. At the current stage, our Company only plans to participate in PPP projects which would not involve concessionary arrangements whereby we would be responsible for the operation of the project and our earnings would depend on the operational results of the project. The table below sets forth the typical structure of a “Smart City” PPP project and our intended level of participation in the project:



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Below sets forth brief information on certain parties playing key roles in a typical “Smart City” PPP project as shown in the graph above:

<i>The government</i>	The initiator of PPP projects
<i>Special purpose vehicle (SPV)</i>	Jointly set up by the local government and the social investor(s), the SPV is the main operating entity responsible for seeking financing, construction, maintenance, operation and the transfer of title of the PPP projects.
<i>Social capital</i>	The SPV is jointly set up with the local government by one or more social capital or investor(s), who will also become the shareholder(s) of the SPV.
<i>Lending institutions</i>	The lending institutions provide financing for the SPV.
<i>Main contractors</i>	During the initial construction phase, the main contractors are engaged by the SPV to undertake the overall construction responsibility of the PPP projects. The main contractors usually cooperate with the construction cooperative partners and the special solution providers to conduct and complete the construction of the PPP projects.
<i>Construction cooperative partners and special solution providers</i>	During the initial phase of construction, the main contractors usually engage the construction cooperative partners to undertake and complete multiple construction works, and the special solution providers to undertake and complete single specific construction work.
<i>Maintenance service providers</i>	The maintenance service providers are engaged by the SPV to provide maintenance services in the post-construction phase.

In general, our Group’s intended roles in PPP projects which our Group would consider to participate in are two-fold:

First, our Group intends to be engaged by the main contractor as a construction cooperative partner or a special solution provider for relevant system development and system construction in return for system construction service fees from the main contractor in the construction phase. In the post-construction phase, our Group intends to be engaged by the SPV as a maintenance service provider and provide system maintenance services in return for the maintenance fees. Our Group’s engagement as a construction cooperative partner or a special solution provider in a PPP project is in substance alike to that of a typical system integration project under our existing business model involving project management, system integration and implementation and system maintenance, where our Company has a proven track record in this respect. The current policy of our Group is to select and participate in those respects in a smart city project that are related to the information system integration, and our Group does not have any existing plan to participate in the other segments such as the construction of infrastructure (such as railway system, expressways) or the utility segment (such as water, electricity, sewage treatment).

Second, in the case that the prospects of PPP projects of manageable risks and acceptable returns are found, our Group intends to take up the role as a “social investor” (or as joint social investor with the government or other social investor) to undertake project and financing management responsibilities for the initial construction phase of the project in return for availability payment and maintenance fees from the local government through the SPV in the post-construction phase during the contractual PPP

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period. The SPV will provide financing for the construction of the PPP projects, and select main contractors with the government in the initial construction phase. Whereas, during the post-construction phase, the full amount of the availability payment will be pre-agreed at the onset of the project and will be payable by the local government in installments immediately upon the delivery of completed software/hardware up to the stipulated specifications by the SPV to the local government for its use. The full amount of the availability payment will represent the sum of the principal amount of capital contributed/procured by our Group and interest income at a pre-agreed rate thereon payable by the local government. The amount of maintenance fees payable by the local government to the SPV will be subject to the actual amount of maintenance services needed after the delivery of the software/hardware to the local government for its use during the contractual PPP period.

Moreover, at the current stage, our Company would not consider participating in PPP projects which involve concessionary arrangements whereby we would be responsible for the operation of the project and our earnings would depend on the operation results of the project. Our Company currently does not intend to participate in PPP projects only as a social investor. Therefore, our Company considers that the experience and expertise of our Directors and senior management in managing our Group's current IoT-related businesses, particularly in performing system integration works and system maintenance services, are sufficient in equipping them with the requisite skills to also efficiently and effectively manage "Smart City" projects adopting the PPP model which our Group would consider to participate in.

We consider the "Smart City" projects adopting the PPP model could provide unparalleled opportunities. We believe that partnering with government entities in the public sector will give us more access to system integration works of larger scale which in turn will effectively enrich our knowledge, experience and skills in managing more sophisticated and large-scaled projects. In addition, partnering with government entities in well-known or large-scaled projects will allow us to develop the reputation as a premium system integrator in the public sector, thereby further reinforcing our market position.

We believe the PPP model is an excellent platform to showcase our competitive strength in (i) our ability to both finance and execute projects; (ii) our strong technical service capability and project management experience; (iii) our successful record in implementing solutions and system integration projects; (iv) our strategic alliances with large-scaled information and technology industry players formed through our years in business together; and (v) our capability to provide hardware and system maintenance services. Through participation in project funding, construction, operation and maintenance of the "Smart City" under the PPP model, we can diversify our revenue and bring more earnings to our Group. Also, as the contractual term of PPP projects is generally 10 years or above, participation in "Smart City" projects adopting the PPP model would provide our Company with a stable and long-term stream of recurring income. We believe that "Smart City" projects under the PPP model will enhance our profit-earning ability, public awareness and industry recognition and thus will increase our competitive edge in bidding for the role of main contractor in the future and benefit our Company's profitability in the long run.

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Whilst PPP projects will present or create business opportunity, such form of cooperation may expose us to certain risks. An overview of the risks pertaining to our Group relating to our intended participation in PPP projects is set forth below:

- (i) **Operational:** It is expected that there will be no operation-related risks pertaining to our Group as the recovery of our Group's investment in the project will not be dependent on the operational performance of the project. The software/hardware will be delivered to the local government for its use upon completion of the initial construction phase.
- (ii) **Financial:** It is expected that our Group will mainly face credit risks against the local government. The credit risks against a governmental authority are considered lower than that against a private entity under our existing business model where we have been engaged as a contractor.
- (iii) **Cashflow:** It is expected that the successful procurement of external financing for the SPV will be a condition to our Group's participation as a social investor to ensure sufficient cashflow for the SPV throughout the initial construction.

For details of the risks involved, please refer to the sections headed "Risk factors — Risks relating to our business — Our future operations, working capital and cashflow position may be adversely affected if our customers or cooperative partners fail to settle the payment due to us" and "Risks factors — Risks relating to our business — We face risks associated with undertaking PPP projects" in this prospectus.

Nevertheless, to properly manage and mitigate the risks involved, we have adopted stringent internal procedures in respect of PPP projects in the areas of project selection, financing strategies, project execution and project exit.

During the Track Record Period, we had not undertaken any PPP projects. As at the Latest Practicable Date, we had entered into 17 contracts in relation to "Smart City" projects with an aggregate contract sum of approximately RMB639.6 million. Among the contracts, one contract is a sub-part of the only project which is expected to proceed on a PPP basis, the Xinjiang Smart City Project. Details of our material "Smart City" projects with a contract sum of RMB5 million or above are set forth below:

(1) *The legally binding cooperation agreement entered in March 2016*

Cooperative partner:	A state-owned technology company based in the PRC which is principally engaged in the provision of electronic information technology products and services (together with its parent company and fellow subsidiaries, the " Partner Group ")
Registered capital:	Above RMB50 million
The Partner Group's consolidated turnover:	Above RMB190 billion (For the year ended 31 December 2016)
Description of project:	The Intelligent Traffic Control Project

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Project owner:	Xinjiang Ürümqi Municipal Government
Contract period:	25 December 2015 to 25 March 2017
Contract sum:	Approximately RMB114 million
Roles and responsibilities of the parties:	<p>(i) The cooperative partner shall be responsible for providing our Group with information relating to (a) the underground cables in respect of the supply of water, water drainage, electricity, gas, heating, telecommunications and television; (b) meteorological and hydrographic observations; (c) geological survey data; and (d) neighbouring buildings, structures and underground construction works, and shall ensure that such information shall be true, accurate and complete;</p> <p>(ii) The cooperative partner shall be responsible for supervising and coordinating on-site implementation works, construction work quality, progress and construction safety; and</p> <p>(iii) Our Group shall be responsible for the modification and construction of are responsible for constructing and maintaining the integrated traffic monitoring system, to achieve functions such as video monitoring of traffic data to facilitate efficient traffic management and direction, management of digitalised traffic lights and traffic signal system and digitalised directing of police force in cases of traffic accidents and emergency.</p>
Payment terms:	The contract sum shall be paid in installments. The first installment was in the amount of 30% of the contract sum. The amount for installment shall be calculated based on the proportion of the work performed by IBO Shenzhen in accordance with the agreement to the work for which payment has been received by the cooperative partner from the project owner. 5% of the contract sum shall be withheld as retention money, which shall be released within 7 days after the expiry of the defect liability period.
Estimated gross profit margin:	30.5%
Status as at Latest Practicable Date:	In-progress ^(Note 1)

Note:

1. The contract period has been extended to 31 December 2017 due to the delay in completion of this contract arising from circumstances not owing to our fault.

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(2) *The legally binding cooperation agreement entered in June 2016*

Cooperative partner:	A state-owned technology company based in the PRC and listed on the Shanghai Stock Exchange which is principally engaged in computers, information technology and energy industries
Registered capital:	Above RMB2 billion
Turnover:	Above RMB25 billion (For the year ended 31 December 2016)
Description of project:	To coordinate and provide for the necessary hardwares and softwares for the comprehensive infrastructure of the smart city, and to carry out overall system integration works in various aspects, such as data centres, infrastructure networks, public information platforms, smart transportation, smart education and smart medical, for the Xinjiang Smart City Project in a county in Xinjiang expected to proceed on a PPP basis
Project owner:	A county government in Xinjiang
Contract sum:	Approximately RMB210 million
Roles and responsibilities of the parties:	<ul style="list-style-type: none">(i) The cooperative partner shall act as the main contractor of the project and shall be responsible for the overall technical implementation and support works;(ii) The total contract sum of the overall system integration works granted to the cooperative partner is approximately RMB350 million and the cooperative partner shall engage our Group in respect of not less than 60% of the said overall system integration works;(iii) The specific details and specifications of the system integration works responsible by our Group shall be agreed by separate agreement(s).
Estimated gross profit margin:	45.0%
Status as at Latest Practicable Date:	Expected to commence in the second quarter of 2018 ^(Note 1)

Note:

1. The commencement of the works under this contract is subject to the official kick-off of the “Smart City” project as a whole, where the local government is still in the process of finalising the structure of the project.

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(3) *The legally binding framework agreement entered in January 2017*

Cooperative partner:	A state-owned technology company based in the PRC and listed on the Shanghai Stock Exchange which is principally engaged in the tax and enterprise market, electronic payment and financial services and business networking technology and application businesses
Registered capital:	Above RMB1 billion
Turnover:	Above RMB25 billion (For the year ended 31 December 2016)
Description of project:	The Digital Intelligent Motor Vehicle Monitoring Project
Contract period:	1 January 2017 to 31 December 2021
Target realisable sales amount:	(i) RMB100 million for 2017 (ii) RMB300 million for 2018 (iii) RMB1,000 million for the five years' cooperation period in aggregate (subject to parties entering into formal agreement(s))
Roles and responsibilities of the parties:	(i) The cooperative partner and our Group shall cooperate and jointly work on the development of a digital intelligent motor vehicle monitoring system; (ii) The cooperative partner shall be responsible for the business aspects and coordination of the project and the formulation of marketing strategies for the system; (iii) Our Group shall be responsible for the overall system planning and design, system implementation and after-sales maintenance of the system; (iv) Our Group shall own the intellectual property rights in the system yet shall authorise to use the intellectual property rights in relation to the system free of charge for the purpose of the business cooperation; and (v) The cooperative partner undertakes that when purchase orders are received in respect of the system, it shall delegate the project implementation works to our Group, whereby our Group shall be responsible for the system's actual implementation, equipment procurement, installment, trial-run and delivery.

BUSINESS

Estimated gross profit margin: 49.0%

Status as at Latest Practicable Date: In-progress^(Note 1)

Note:

1. As at the Latest Practicable Date, our Group and the cooperative partner have entered into seven formal agreements with an aggregate contract sum of approximately RMB29.2 million.

(4) *The legally binding agreement cooperation agreement entered in April 2017*

Cooperative partner: A technology company based in the PRC which is primarily engaged in the provision of “Smart City” solutions, RFID networking product solutions and 5G-communications infrastructure services

Registered capital: Above RMB50 million

Turnover: Approximately RMB200 million

Description of project: The Optical Fibre Networks Project

Project owner: A state-owned telecommunications company based in the PRC

Contract period: 1 April 2017 to 31 March 2019

Contract sum: The contract fee shall be calculated based on a fixed price for each household covered by the networks. Pursuant to the agreement, the network shall cover a total of not less than 400,000 households.

Roles and responsibilities of the parties:

- (i) The project of a sub-part of a project commissioned by a telecommunications company based in the PRC to construct a regional high-speed customer premises network (CPN) in Beijing;
- (ii) Our Group shall be responsible for property coordination, surveying and design, procurement of raw materials and construction and installation of the fiber optic networks; and
- (iii) The cooperative partner shall be responsible for the overall supervision and inspection of the project.

BUSINESS

Payment terms: The contract sum shall be paid in installments upon acceptance by the project owner. The amount for installment shall be calculated based on the proportion of the work performed by our Group in accordance with the agreement to the work for which payment has been received by the cooperative partner from the project owner. 5% of the total contract sum shall be withheld as retention money, and the retention money shall be released on a back-to-back basis upon the expiry of defect liability period.

Estimated gross profit margin: 32.0%

Status as at Latest Practicable Date: In-progress

(5) *The legally binding cooperation agreement entered in June 2017*

Cooperative partner: An electrical engineering company based in the PRC which is principally engaged in the installation of security, audio lighting and other electrical systems

Registered capital: Approximately RMB10 million

Turnover: Above RMB70 million

Project owner: A banner government in Inner Mongolia

Contract period: 28 June 2017 to 28 July 2017

Contract sum: Approximately RMB6.7 million

Roles and responsibilities of the parties: Our Group shall be responsible for the development and construction of network and audio systems for a government building in Inner Mongolia.

Estimated gross profit margin: 50.7%

Status as at the Latest Practicable Date: Completed

BUSINESS

(6) *The legally binding cooperation agreement entered in August 2017* ^(Note 1)

Cooperative partner:	A construction company based in the PRC which is primarily engaged in electrical, municipal, housing construction, software development installation works
Registered capital:	Above RMB120 million
Turnover:	Approximately RMB2 billion
Project owner:	An energy company based in the PRC
Contract period:	From 14 August 2017 to completion
Contract sum:	Approximately RMB12.1 million
Roles and responsibilities of the parties:	Our Group shall be responsible for the development and construction of an industrial television monitoring system for an energy company based in the PRC.
Estimated gross profit margin:	32.0%
Status as at the Latest Practicable Date:	In-progress

Note:

1. This contract is entered into pursuant to a legally binding framework agreement regarding business cooperation for a period of 2 years from 1 July 2017 to 30 June 2019 entered into between our Group and the cooperative partner in July 2017.

(7) *The legally binding cooperation agreement entered in September 2017* ^(Note 1)

Cooperative partner:	A construction company based in the PRC which is primarily engaged in electrical, municipal, housing construction, software development installation works
Registered capital:	Above RMB120 million
Turnover:	Approximately RMB2 billion
Project owner:	An energy company based in the PRC
Contract sum:	Approximately RMB6.2 million
Roles and responsibilities of the parties:	Our Group shall be responsible for the development and construction of an industrial television monitoring system for an energy company based in the PRC.

BUSINESS

Estimated gross profit margin: 30.0%

Status as at the Latest Practicable Date: In-progress

Note:

1. This contract is entered into pursuant to a legally binding framework agreement regarding business cooperation for a period of 2 years from 1 July 2017 to 30 June 2019 entered into between our Group and the cooperative partner in July 2017.

(8) *The legally binding cooperation agreement entered in October 2017* ^(Note 1)

Cooperative partner: A construction company based in the PRC which is primarily engaged in electrical, municipal, housing construction, software development installation works

Registered capital: Above RMB120 million

Turnover: Approximately RMB2 billion

Description of project: To carry out system integration works for the Hebei Safe City Project

Project owner: A county government in Hebei

Contract sum: Approximately RMB104 million

Roles and responsibilities of the parties:

- (i) The cooperative partner shall act as the main contractor of the project and shall be responsible for the overall technical implementation, coordination and support works; and
- (ii) The total contract sum of the construction works granted to the cooperative partner is approximately RMB103 million and the cooperative partner shall engage our Group in respect of not less than 80% of the said construction works.

Estimated gross profit margin: 40.0%

Status as at the Latest Practicable Date: Expected to commence in April 2018 ^(Note 2)

Note:

1. This contract is entered into pursuant to a legally binding framework agreement regarding business cooperation for a period of 2 years from 1 July 2017 to 30 June 2019 entered into between our Group and the cooperative partner in July 2017.
2. The commencement of the works under this contract is subject to the official kick-off of the Hebei Safe City Project as a whole.

BUSINESS

To enhance our capability to undertake large-scaled contracts

We believe that undertaking large-scaled contracts, such as those stated above, will (i) enhance our profile and public awareness of our Group to attract more potential customers; (ii) provide a stable source of revenue to our Group over a measurable period of time; and (iii) improve the quality of our trade receivables due to the likely credit worthiness of the customers of such contracts. As such, considering the commercial and strategic benefits of undertaking large-scaled contracts of both public and private sectors, we plan to undertake more large-scaled contracts in the future.

In a typical large-scaled “Smart City” PPP project, we, as a social investor, are likely to take up the role of financing the project during the development and construction stages. As the injection of capital may lead to cash outflows from our Group, our financial position may affect our capability to undertake large-scaled “Smart City” PPP project contracts. For details of such risk factor, please refer to the section headed “Risk Factors — Risks relating to our business — We may record net cash outflows during the execution of “Smart City” PPP project contracts and may not have sufficient working capital if we take up too many significant contracts in the future, which may affect our financial position” in this prospectus. However, we believe that the net proceeds from the Global Offering will strengthen our Group’s available financial resources to provide flexibility to us to undertake more large-scaled “Smart City” PPP project contracts that require our investment of capital.

To sustain and strengthen business relationships with existing customers to increase recurring income

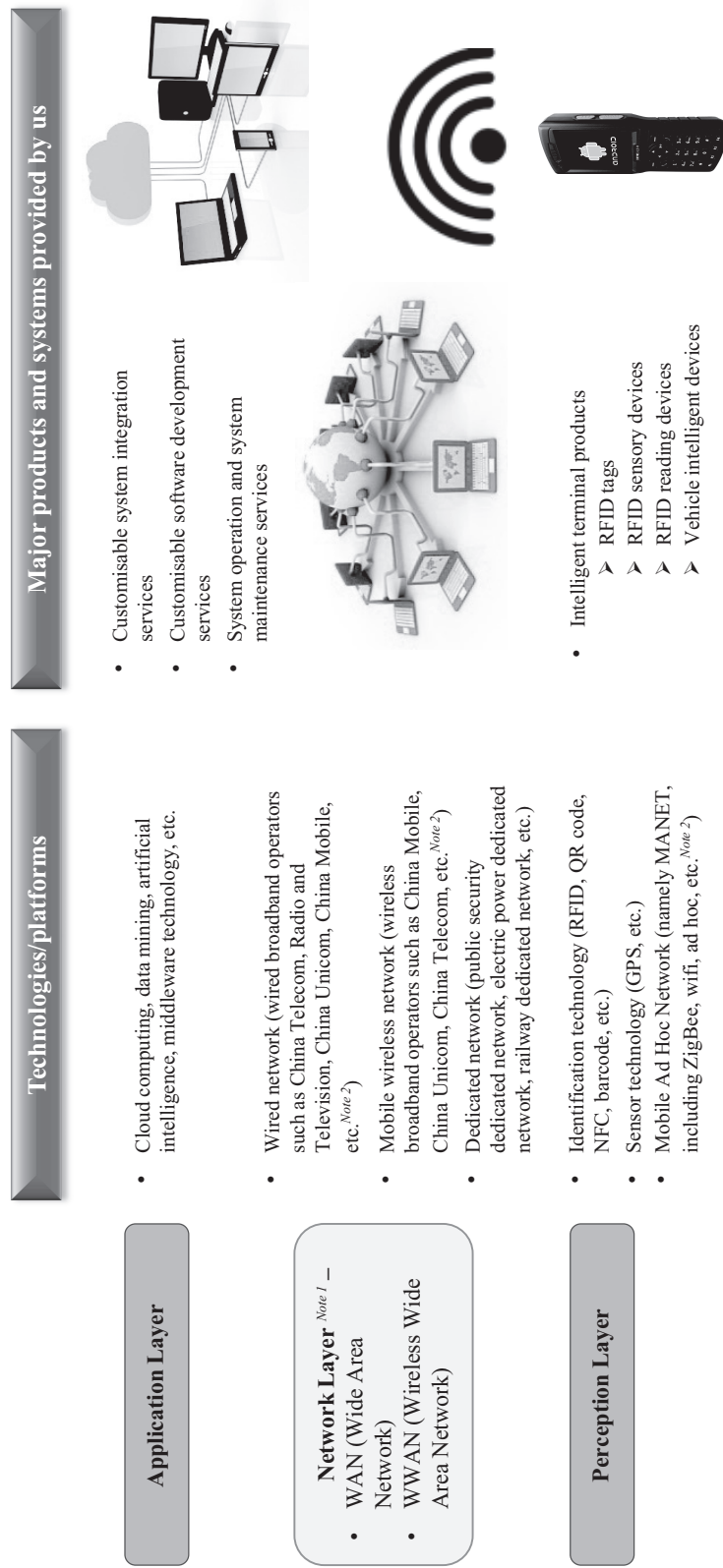
We aim to increase our level of recurring income through sustaining and strengthening our business relationships with our existing system integration customers by providing our customers free warranty for a period of 1 to 3 years after completion of our system integration projects. After the free warranty period, we will strive for the engagement for system maintenance services on a charged basis to increase our source of recurring revenue. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our revenue generated through our system integration operations amounted to approximately RMB5.4 million, RMB9.1 million, RMB41.5 million and RMB48.7 million respectively. This upward trend in our system integration operations represents market opportunities and we will strive to capture these opportunities to enhance our Company’s profit-earning ability in the long run.

To identify beneficial strategic investment opportunities

In order to enhance our profitability, we plan to expand our businesses through both organic growth and strategic acquisitions and partnerships vertically in the IoT intelligent terminal product application and solutions value chain. We intend to selectively invest in or enter into strategic partnerships with other industry players (i) vertically up and down the IoT value chain; and/or (ii) horizontally in related industries, such as internet companies, to further broaden our collective expertise, resources and comprehensive servicing abilities. We will take into account the business scope of the potential target and will only acquire or invest in companies which we consider to have potential for complementing our existing business. Before making a decision on an acquisition or investment, we will carefully consider our options and conduct thorough due diligence. As at the Latest Practicable Date, we had not yet identified or committed to any acquisition target. For details of our expansion plan, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

THE ARCHITECTURE OF IoT AND OUR BUSINESSES

The architecture of IoT is divided into three layers: perception layer, network layer and application layer. We provide comprehensive, integrated and highly customisable range of IoT intelligent terminal product application and solutions services permeating through the application and perception layers of the IoT architecture. The principal proponent of our businesses are demonstrated in the diagram below:



Notes:

1. Third-party service providers are responsible for constituent parts of the network layer.
2. Names used are for identification purpose only.

BUSINESS

OUR PRINCIPAL BUSINESSES

Overview

We are a National High and New Technology Enterprise that focuses on providing comprehensive IoT intelligent terminal product application and solutions services in the PRC.

Being an IoT products and services provider, we provide our products and services on a stand-alone basis, or in various combinations, to meet the specific demands of our customers, covering our operating segments, namely (i) system integration; (ii) intelligent terminal products sales; (iii) software development; and (iv) system maintenance services. The table below sets forth our revenue breakdown by operating segments for the periods indicated:

	For the year ended 31 March						For the four months ended 31 July			
	2015		2016		2017		2016		2017	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
System integration	5,391	18.5	9,058	15.9	41,538	40.0	1,175	7.3	48,697	85.5
Intelligent terminal products sales	4,436	15.2	30,185	53.0	34,301	33.0	6,234	39.0	5,535	9.7
Software development	10,461	35.9	9,790	17.2	21,511	20.7	6,265	39.2	568	1.0
System maintenance service	<u>8,844</u>	<u>30.4</u>	<u>7,901</u>	<u>13.9</u>	<u>6,543</u>	<u>6.3</u>	<u>2,320</u>	<u>14.5</u>	<u>2,144</u>	<u>3.8</u>
Total	<u>29,132</u>	<u>100.0</u>	<u>56,934</u>	<u>100.0</u>	<u>103,893</u>	<u>100.0</u>	<u>15,994</u>	<u>100.0</u>	<u>56,944</u>	<u>100.0</u>

BUSINESS

Our completed contracts

The following table sets forth an analysis of contracts undertaken ^(Note 1) and completed by our Group during the Track Record Period and up to the Latest Practicable Date:

Business Segment	Total Contract sum (RMB'000)	Revenue Recognised For the year ended 31 March			For the four months ended 31 July 2017 (RMB'000) (Unaudited)	Subsequent to the Track Record Period and up to 31 October 2017 (RMB'000) (Unaudited)	Commencement date	Completion date
		2015 (RMB'000) (Unaudited)	2016 (RMB'000) (Unaudited)	2017 (RMB'000) (Unaudited)				
System integration								
1.	7,087	4,840	674	—	—	4 January 2015	11 November 2015	
2.	6,710	—	—	—	5,735	28 June 2017	31 July 2017	
3.	2,904	—	—	—	2,482	2 July 2017	31 July 2017	
4.	2,292	—	2,012	—	—	6 May 2015	26 December 2016	
5.	1,265	—	—	—	—	1 September 2017	30 October 2017	
Contract sum below RMB1 million	2,251	551	1,259	—	654			
Subtotal	22,509	5,391	3,945	—	8,871	1,081		
Intelligent terminal product sales								
1.	13,280	—	11,350	—	—	16 September 2015	17 December 2015	
2.	15,020	—	12,838	—	—	6 November 2015	22 December 2015	
3.	5,655	—	—	4,833	—	13 May 2016	30 June 2016	
4.	3,431	—	—	2,932	—	11 October 2016	23 November 2016	
5.	2,766	—	—	2,364	—	11 October 2016	23 November 2016	
6.	4,050	—	—	3,462	—	6 November 2016	8 December 2016	
7.	4,050	—	—	3,462	—	7 November 2016	8 December 2016	
8.	3,003	—	—	2,567	—	8 November 2016	8 December 2016	
9.	2,187	—	—	1,869	—	16 February 2017	22 March 2017	
10.	1,053	—	—	900	—	16 February 2017	22 March 2017	
11.	2,520	—	—	2,154	—	16 February 2017	29 March 2017	
12.	3,863	—	—	3,302	—	8 August 2016	28 December 2016	
13.	3,735	—	—	3,192	—	8 August 2016	26 December 2016	
14.	3,201	—	—	—	—	9 April 2017	16 October 2017	
15.	4,528	—	—	—	3,870	7 September 2017	10 October 2017	
16.	4,860	—	—	—	4,154	7 September 2017	10 October 2017	
17.	4,115	—	—	—	—	9 October 2017	30 October 2017	
18.	3,932	—	—	—	3,361	9 October 2017	30 October 2017	
19.	3,941	—	—	—	3,368	9 October 2017	30 October 2017	
20.	3,945	—	—	—	3,371	9 October 2017	30 October 2017	
21.	3,874	—	—	—	—	9 October 2017	30 October 2017	
Contract sum below RMB1 million	9,671	2,152	1,952	2,393	289	1,417		
Subtotal	106,680	2,152	26,140	33,430	289	29,105		
Software development								
1.	1,360	1,360	—	—	—	10 September 2014	21 November 2014	
2.	1,500	1,500	—	—	—	6 August 2013	22 April 2014	
3.	1,300	1,300	—	—	—	15 September 2013	16 May 2014	
4.	3,200	3,200	—	—	—	26 December 2012	30 November 2014	
5.	3,700	—	3,700	—	—	28 September 2015	30 November 2015	
6.	3,150	—	3,150	—	—	29 September 2014	25 May 2015	
7.	4,000	—	—	8,634	—	25 March 2016	27 April 2016	
8.	1,328	—	—	1,253	—	6 January 2017	25 February 2017	
9.	9,680	—	—	9,132	—	7 June 2016	30 November 2016	
10.	4,600	2,766	1,834	—	—	30 October 2015	1 February 2016	
Contract sum below RMB1 million	4,573	336	1,106	2,492	—	332		
Subtotal	38,391	10,462	9,790	21,511	—	332		
System maintenance services								
1.	4,320	3,270	—	—	—	31 December 2013	31 December 2014	
Contract sum below RMB1 million	2,282	753	794	1,015	—	408		
Others	Variable according to fixed per unit costs	3,483	1,542	40	—	—		
Subtotal	6,602	7,506	2,336	1,055	—	408		
Total	174,182	25,511	42,211	55,996	9,160	30,926		

Notes:

1. The number of contracts undertaken refers to the number of contracts which generated revenue recognised by our Group during the relevant financial year/period.

BUSINESS

Our on-going and newly awarded contracts

As at 31 July 2017, we had 25 on-going contracts awarded by 23 separate customers with an aggregate contract sum of approximately RMB554.2 million. As at the Latest Practicable Date, we had 30 on-going or newly awarded contracts with a total aggregated contract sum of approximately RMB683.5 million, among which revenue of approximately RMB154.0 million had been recognised up to 31 October 2017. The following table sets forth an analysis of our material on-going and newly awarded contracts with a contract sum of RMB5 million or above as at to the Latest Practicable Date:

Contract type	Contract period	Approximate total contract sum (RMB'000)	Approximate revenue recognised during the Track Record Period (RMB'000) (Unaudited)	Approximate revenue recognised subsequent to the Track Record Period and up to 31 October 2017 (RMB'000) (Unaudited)	Customer Background	Status
1. Sales of intelligent terminal products	From 30 March 2012 to completion	9,800	FY2015: 2,226 FY2016: 1,104 FY2017: nil For the four months ended 31 July 2017: nil	—	A technology company based in the PRC	In-progress
2. Provision of system maintenance service	1 January 2015 to 31 December 2017 ^(Note 1)	6,973	FY2015: 826 FY2016: 2,166 FY2017: 2,111 For the four months ended 31 July 2017: 721	542	A petroleum company based in the PRC	In-progress
3. Provision of system maintenance service	1 January 2015 to 31 December 2017 ^(Note 1)	10,741 ^(Note 2)	FY2015: 512 FY2016: 3,399 FY2017: 3,376 For the four months ended 31 July 2017: 1,135	790	A petroleum company based in the PRC	In-progress
4. The Intelligent Traffic Control Project	25 December 2015 to 25 March 2017 ^(Note 3)	113,530	FY2015: nil FY2016: 5,114 FY2017: 41,538 For the four months ended 31 July 2017: 20,648	11,298	An information technology company based in the PRC	In-progress
5. System integration for the Xinjiang Smart City Project	From 29 June 2016 to completion	210,000 ^(Note 4)	—	—	A technology company based in the PRC	Expected to commence in October 2017
6. The Optical Fibre Networks Project	From 1 April 2017 to 31 March 2019	153,000 ^(Note 5)	For the four months ended 31 July 2017: 16,854	12,346	A technology company based in the PRC	In-progress
7. Sales of intelligent terminal products	From 26 April 2017 to 25 April 2018	28,568	For the four months ended 31 July 2017: 4,946	14,149	Golden Spring	In-progress
8. System integration services project	14 August 2017 to 31 March 2018	12,100	—	—	A construction company based in the PRC	In-progress

BUSINESS

Contract type	Contract period	Approximate total contract sum (RMB'000)	Approximate revenue recognised during the Track Record Period (RMB'000) (Unaudited)	Approximate revenue recognised subsequent to the Track Record Period and up to 31 October 2017 (RMB'000) (Unaudited)		Customer Background	Status
9. System integration services project	9 September 2017 to 28 February 2018	6,164	—	—	—	A construction company based in the PRC	In-progress
10. Provision of software development service	28 September 2017 to 28 March 2018	9,280	—	861	—	A travel agency based in the PRC	In-progress
11. System integration for the Hebei Safe City Project	From 16 October 2017 to completion	104,000 <i>(Note 6)</i>	—	—	—	A construction company based in the PRC	In-progress
Others (Contract sum below RMB5 million)							
				FY2015: 56			
				FY2016: 2,940			
				FY2017: 872			
				For the four months ended			
		<u>19,375</u>		31 July 2017: 3,480			
				FY2015: 3,621			
				FY2016: 14,723			
				FY2017: 47,897			
				For the four months ended			
Total		<u><u>683,531</u></u>		31 July 2017: 47,784			

Notes:

- In December 2017, we had won the tender in respect of extending our engagement as a system maintenance services provider from 1 January 2018 to 31 December 2020. We are in the process of finalising the formal agreement with the relevant customer.
- This represents the tender sum.
- The contract period has been extended to 31 December 2017 due to the delay in completion of this contract arising from circumstances not owing to our fault.
- This contract is a sub-part of a project which is expected to proceed on a PPP basis and the commencement of the works under this contract is subject to the official kick-off of the project as a whole, where the local government is still in the process of finalising the structure of the project.
- The contract sum represents an estimation and the revenue to be recognised from the contract is subject to the actual amount of services rendered to the relevant customer.
- This contract is a sub-part of a project and the commencement of the works under this contract is subject to the official kick-off of the project as a whole.

BUSINESS

Future/estimated investment costs to be incurred for our on-going and newly awarded contracts

As at the Latest Practicable Date, based on our internal records, current development plan of our projects and our financial and operational condition, the future/estimated investment costs to be incurred for our material on-going and newly awarded contracts with a contract sum of RMB5 million or above and their respective expected source of funding were as follows:

Contract type	For the year ending 31 March 2018		From April 2018 to September 2018		From October 2018 to March 2019	
	Future/ estimated investment costs to be incurred (RMB'000)	Expected source of funding	Future/ estimated investment costs to be incurred (RMB'000)	Expected source of funding	Future/ estimated investment costs to be incurred (RMB'000)	Expected source of funding
Ongoing contracts						
1. Sales of intelligent terminal products	282	(1)	282	(1)	282	(1)
2. Provision of system maintenance service	702	(1)	527	(1)	527	(1)
3. Provision of system maintenance service	1,297	(1)	973	(1)	973	(1)
4. The Intelligent Traffic Control Project	30,744	(1)	2,353	(1)		
	6,417	(2)	491	(2)		
5. System integration for the Xinjiang Smart City Project	—		22,386	(1)	29,103	(1)
			4,672	(2)	145	(2)
6. The Optical Fibre Networks Project	28,281	(1)	21,163	(1)	23,373	(1)
	3,736	(2)	4,417	(2)	688	(2)
7. Sales of intelligent terminal products	8,503	(1)				
	1,257	(2)				
8. System integration services project	6,807	(1)				
	1,421	(2)				
9. System integration services project	3,570	(1)				
	745	(2)				
10. Provision of software development services	1,586	(1)				
11. System integration for the Hebei Safe City Project	—		28,807	(1)	20,984	(1)
	—		6,012	(2)	1,293	(2)
12. Digital Intelligent Motor Vehicle Monitoring Project ^(Note 3)	31,462	(1)	99,190	(1)	74,204	(1)
	4,176	(2)	20,703	(2)	4,919	(2)
Total	130,986		211,976		156,491	

Notes:

- (1) Expected source of funding being external financing and/or internal resources.
- (2) Expected source of funding being net proceeds from Global Offering.
- (3) In January 2017, we entered into a legally binding framework agreement with a technology company based in the PRC regarding the Digital Intelligent Motor Vehicle Monitoring Project with a cooperation period of 5 years from 1 January 2017 to 31 December 2021 and is subject to the parties entering into formal agreement(s).

Our system integration operations

We provide comprehensive and tailor-made system solutions applying IoT technologies for our customers based on our analysis on their needs and requirements, including the provision of project coordination, management and installation services covering overall system planning, development and design, procurement of system equipment, integration of software and hardware devices forming the system, system implementation, trial operation and system management and maintenance. We provide these services to achieve the functionality requirements of each system and verify its performance through integrated testing to satisfy our customers' business operational and management needs.

For the three years ended 31 March 2017 and the four months ended 31 July 2017, our revenue derived from our system integration operations was approximately RMB5.4 million, RMB9.1 million, RMB41.5 million and RMB48.7 million respectively, accounting for approximately 18.5%, 15.9%, 40.0% and 85.5% of our total revenue of the corresponding period respectively.

Specifications of our system integration projects vary from each other as the systems are tailor-made for our customers based on their particular needs. Our representative projects include the following:

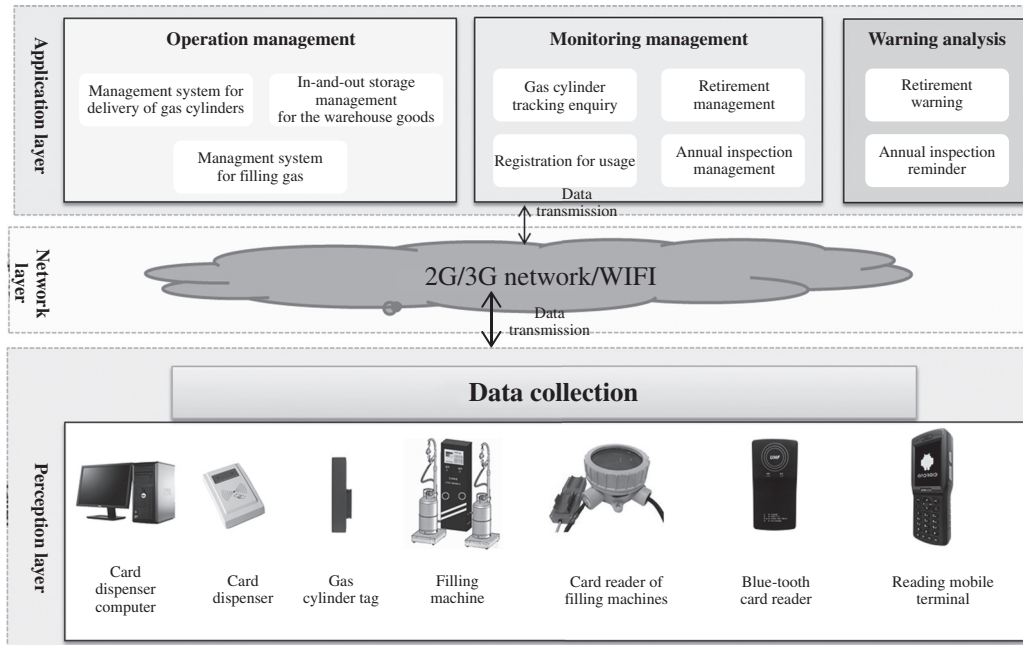
(a) Our intelligent traffic control system

The function of our intelligent traffic control system is to help improve the efficiency, control and safety of road traffic systems of the region. We are responsible for constructing and maintaining the integrated traffic monitoring system, to achieve functions such as video monitoring of traffic data to facilitate efficient traffic management and direction, management of digitalised traffic lights and traffic signal system and digitalised directing of police force in cases of traffic accidents and emergency.

BUSINESS

(b) Our electronic monitoring system for gas cylinders

The major function of our electronic monitoring system for gas cylinder is the management and tracking of the regular inspection, filling, transportation, storage and sales of gas cylinders. By applying the electronic monitoring system of gas cylinder, the safety hazard induced by defective cylinders can be effectively controlled. The diagram below illustrates the framework of the electronic monitoring system:



The system is equipped with a RFID tag embedded with a unique global serial number for each cylinder. The system writes information such as the date of manufacturing the cylinders, the period of validity and the next annual inspection date onto the RFID tags. This information can be read by a RFID reader. Each time the cylinder is filled, transported, stored, sold, inspected annually, the information stored on the RFID tags is automatically or manually read to ensure that it is legal and safe to use the cylinders. For those cylinders falling short of regulatory requirements, the system will automatically detect and disallow gas filling of the cylinder. The entire usage process is subject to stringent regulation of relevant governmental authorities.

Our intelligent terminal products sales operations

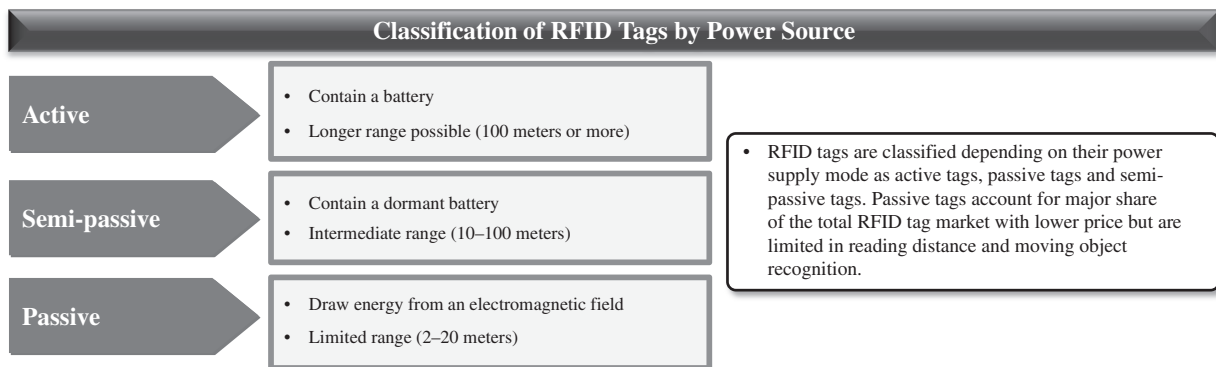
We develop, produce and sell customisable IoT intelligent terminal products to our customers. Our intelligent terminal products deploy a wide array of technologies, including RFID technology, sensory technology, embedded technology and wireless communication technology. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our revenue generated from our intelligent terminal products sales operations was approximately RMB4.4 million, RMB30.2 million, RMB34.3 million and RMB5.5 million respectively, accounting for approximately 15.2%, 53.0%, 33.0% and 9.7% of our total revenue of the corresponding period respectively.

BUSINESS

During the Track Record Period, we delivered varying degrees of customisation according to the requests of our customers, including ultra energy-saving, ultra-long and anti-disruption transmissible distance, customised embedded software, explosion-proof, and ultra protection design against severe environmental condition (such as anti-corrosion and anti-static functions).

Our products use electromagnetic fields to automatically identify and track tags which contain electronically stored information attached to objects for the purposes of asset management and positioning, and RFID devices can come in the form of such as RFID tags, RFID sensory devices and RFID reading devices.

RFID tags are categorically divided into active tags, semi-passive tags and passive tags. The graph below sets out the general differences among the different categories of RFID tags:



Source: Frost & Sullivan

During the Track Record Period, we specialised in the design and development of active RFID tags, which typically carry sources of electricity to allow for longer reading distance with larger data transmission capacity and larger data storage capacity, and can be integrated with all kinds of sensor components to become sensory tags with sensor functionality (such as positioning detection tags, temperature sensitive tags, vehicle detection tags). Active RFID tags are more suitable for customers with more complicated requirements in functionality and for situations with higher technological requirements. Apart from active RFID tags, we also specialise in the design and development of RFID sensory devices, RFID reading devices and RFID mobile reading terminal devices, etc. According to the F&S Report, we were ranked as one of the top 5 active RFID device providers in the PRC in terms of sales revenue for the year between 1 April 2016 and 31 March 2017. In addition to developing IoT intelligent terminal products for sales, our product development team also offers customised intelligent terminal products for our customers and develops intelligent terminal products for our own system integration projects. All our intelligent terminal products for sale are independently designed and developed.

The table below sets out our major intelligent terminal products:

(a) *RFID tags*

<u>Product</u>	<u>Product description</u>
 <p>433M active RFID tags (433M有源RFID標籤)</p>	<p>An active RFID tag with the ability to actively send out signals.</p>
 <p>433M active RFID tags (asset tags) (433M有源RFID標籤(資產標籤))</p>	<p>An active RFID tag with the ability to regularly send out signals to be attached on assets for the purpose of asset management and positioning.</p>
 <p>433M active RFID tags (personnel tags) (433M有源RFID標籤(人員標籤))</p>	<p>An active RFID tag with the ability to actively send out signals to be carried by personnel for the purpose of recording work attendance and personnel positioning.</p>
 <p>433M active RFID tags (explosion-proof tags) (433M有源RFID標籤(防爆型標籤))</p>	<p>An active RFID tag to be attached to explosion prone patrolling spots for the purpose of recording work attendance and personnel positioning.</p>
 <p>Civilian use gas cylinder electronic tags (民用氣瓶電子標籤)</p>	<p>An inactive RFID tag to be attached to civilian use gas cylinders to monitor whether the gas cylinder satisfies the requisite standards.</p>

Product



Vehicle use gas cylinder electronic tags
(車用氣瓶電子標籤)



Industrial use gas cylinder electronic tags
(工業氣瓶電子標籤)

Product description

An inactive RFID tag to be attached to gas cylinders for vehicle use to monitor whether the gas cylinders meet the requisite standard.

An inactive RFID tag to be attached to industrial use gas cylinders to monitor whether the gas cylinders meet the requisite standard.

(b) RFID sensory devices

Product



Ultrasonic detection tags
(超聲波探測標籤)

Product description

To be attached to vehicle parking spaces for the purpose of quick identification of whether the parking space has been occupied.

(c) RFID reading devices

Product



Common card dispenser
(通用發卡器)

Product description

A card dispenser for active RFID tags capable of writing the system data onto the tags.



Double frequency card dispenser
(雙頻發卡器)

A card dispenser for both active and inactive RFID tags capable of writing the system data onto the RFID tags.

Product

Product description



Gate reader (通道閱讀器)

A tag reader to be installed in passage ways capable of automatic scanning of cards going through the passage way and collecting the relevant data.



Filling linkage reader
(充裝聯動閱讀器)

A reader to be attached to gas cylinder refilling equipment for reading the relevant data sent out from the RFID tags attached to the cylinders.



433M active RFID reading locator
(explosion-proof)
(433M有源 RFID閱讀定位器(防爆型))

To be attached to a fixed area and can activate the RFID tags in the surrounding area to achieve location positioning of the RFID tags.



433M active RFID reader (high-speed network port)
(433M有源 RFID閱讀器(網口高速型))



To automatically read RFID tags within the network and transmit relevant data to the system.



Explosion-proof mobile RFID reading integrator (Smart)
(防爆手持RFID讀寫一體機(智能型))

A hand-held mobile RFID reader which can read RFID tags and transmit the relevant data to the system. Suitable for explosive and hazardous areas.

(d) *Vehicle intelligent devices*

<u>Product</u>	<u>Product description</u>
 <p>Vehicle security alarm (汽車防盜警報器)</p>	<p>To be installed on vehicles and capable of sending warning messages to users' mobile phones if the vehicle is activated by a person without the vehicle identification tag.</p>
 <p>Vehicle OBD manager box (汽車OBD管家盒子)</p>	<p>To be installed on vehicles to collect data on vehicle position, vehicle usage, vehicle malfunctioning and transmit such data to users' mobile phones.</p>

There has been neither seasonality nor cyclical effect observed on the sales of all categories of our products. The product prices are subject to fluctuation in raw material costs while the difference between product prices are due to product technical solutions, core component types, fees for design, development and certification, achievable functions and different requirements of customers. The unit price of the terminal products sold during the Track Record Period would be largely categorised as follows: (i) the active sensory tags for IoT systems ranged from RMB60 to RMB140, while inactive ones ranged from RMB5 to RMB20; (ii) tag dispensers ranged from RMB560 to RMB4,000; (iii) tag readers ranged from RMB1,200 to RMB16,000, while tag reader modules ranged from RMB140 to RMB730; (iv) vehicle OBD gadgets ranged from RMB100 to RMB570. Our Directors believe that there will not be material deviation in the expected price of our products in the future.

Our software development operations

We provide customised software application development services for our customers. According to our customers' business and management requirements, we plan and design the software system framework and function list for them. After obtaining our customers' approval, we will commence programming the source code. Upon completion and internal testing, the software is delivered to our customers for their trial, checking and acceptance. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our revenue generated from our software development operations was

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approximately RMB10.5 million, RMB9.8 million, RMB21.5 million and RMB0.6 million respectively, accounting for approximately 35.9%, 17.2%, 20.7% and 1.0% of our total revenue of the corresponding period respectively. Set out below are some of our representative software development projects:

(a) Cloud computing platform for energy saving intelligent sensory system

We have developed a cloud computing platform for an intelligent sensory system for energy saving. The platform enables the centralised management of lighting system within a building, featuring remote, centralised and simultaneous control of lighting at multi-locations. The sensor collects parameters such as electricity leakage, operating status of lighting system, redundancy and idleness. The collected data is then transmitted to the server to perform different functions such as time control, remote control with cell phones, alarming *via* cell phones, reporting of electricity consumption, and control on a set of or an individual lighting system. Precise control and saving of energy can be achieved with the platform.

(b) Cloud operation management platform for a franchise vehicle repair and system maintenance service provider

We have developed a cloud operation management platform for a franchise vehicle repair and system maintenance service provider. It includes the operation management system for the service provider (for example, repair management system, invoicing system, receivables and payables system, billing enquiry system, order receiving system) and the service platform system (for instance, mobile application, self-service websites) for the use of its driver customers. The platform covers related services in the industry, namely vehicle maintenance and repair, sales of vehicles components and other derivative services.

(c) Integrated operations management information system software for Golden Spring

We have developed an integrated operations management information system software for Golden Spring. Functions of such software include sales management, procurement management, asset management, administration management, customer management, warehouse management, financial system interface and statistical reporting.

Our system maintenance service operations

We provide system maintenance services for software and hardware of information systems of which the scope includes maintenance and management for system device, database maintenance, daily monitoring on the system and system upgrades. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our revenue generated from our sales of system maintenance service operations was approximately RMB8.8 million, RMB7.9 million, RMB6.5 million and RMB2.1 million respectively, accounting for approximately 30.4%, 13.9%, 6.3% and 3.8% of our total revenue of the corresponding period respectively.

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One representative system maintenance services is the provision of information system maintenance services for a PRC state-owned petroleum company in relation to its petrol filling IC card system for over 2,000 gas stations. Set out below illustrates how our system maintenance services support the customer's business operation:

- (a) **IC card system:** IC cards are issued to drivers to deposit money and purchase products and services at the customer's gas stations. The IC card system is a complex, intricate and interconnected network of data information, hardware devices and software applications. We are responsible for maintaining the smooth operations of the system which processes the tremendous amount of daily transactions across more than 2,000 gas stations in Guangdong, the PRC.
- (b) **Convenience store management system:** We are responsible for maintaining the operation systems of convenience stores in the gas stations, including the maintenance of point of sale (POS) terminals, consumption POS machines, operating systems, data base systems and related software.
- (c) **Data maintenance:** We are responsible for maintaining the reliability, accuracy, completeness and timeliness of the data processed by the IC card system and the convenience store management system.
- (d) **Technical training:** We provide regular training to our customer's staff in respect of the proper operation of the aforesaid systems, particularly when there are new recruits or system upgrades.

During the Track Record Period, we provided swift and high-quality system maintenance services and maintained a long-term business relationship with the said customer for over 15 years. Furthermore, in December 2017, we had successfully won the tender in respect of extending our engagement as a system maintenance services providers for the said customer from 1 January 2018 to 31 December 2020. We are in the process of finalising the formal agreement with the relevant customer.

As at the Latest Practicable Date, our system maintenance service team comprised over 60 staff, accounting for approximately 42.5% of our total staff, and over 60% of them possessed over 10 years of experience in information systems. The timely and quality service provided by our experienced system maintenance service team has earned us goodwill and established a solid foundation for us to capture the market opportunities following the completion of our system integration projects, whereby we strive for the engagement for system maintenance services on a charged basis to increase our source of recurring income.

Licenses and government permits

The regulatory and legal systems of the IoT intelligent terminal products applications and solutions industry in the PRC are set out in the section headed "Regulatory overview" in this prospectus. As confirmed by our PRC Legal Advisers, we obtained all requisite licences, permits and certification which are necessary for the operation of our scope of businesses during the Track Record Period and up to the Latest Practicable date. Our Directors confirm, and our PRC Legal Advisers concur, that during

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the Track Record Period and up to the Latest Practicable Date, our Group did not experience any difficulties in renewing any of our licences, permits and certification necessary for our operations in the PRC.

Awards and certificates

We have received various awards and recognitions from various industry players and public entities which, in our Directors' opinion, are recognitions of our achievements and quality of work. The following table sets forth examples of accreditation, certification and awards we hold or have received as at the Latest Practicable Date:

Accreditation & Certificates	Details	Time of awarding/ Valid duration for awarding	Accredited/Certified by (As per the latest renewal)
Information System Integration and Services Qualification Certification (Grade II) (信息系統集成及服務 資質(貳級))	The information system integration and services qualification serves as an objective assessment on the comprehensive capabilities and level of an enterprise engaged in information system integration and services, which covers various factors including operating results, financial conditions, reputation, management capability, technological strength and personnel strength. For further details of the grading system of the Information System Integration and Services Qualification Certification, please refer to the section headed "Regulatory overview — Laws and regulations in relation to Information System Integration and Services Qualification Certification" in this prospectus. According to the F&S Report, there were 222 enterprises obtaining Grade I, 724 enterprises obtaining Grade II, 4,801 enterprises obtaining Grade III and 3,537 enterprises obtaining Grade IV certification in the PRC as at 31 December 2016.	11 November 2016 to 31 December 2020 (Since 2006)	China Information Technology Industry Federation

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Accreditation & Certificates	Details	Time of awarding/ Valid duration for awarding	Accredited/Certified by (As per the latest renewal)
National High and New Technology Enterprise Certification (國家高新技術企業證書)	Accredited high and new technology enterprise can be funded for its research and development under the preferential policies and measures Certification of enterprises, which are eligible for tax and other preferential policies. For further details regarding the qualification requirements of accreditation as a National High and New Technology Enterprise, please refer to the section headed “Regulatory overview — Laws and regulations in relation to National High and New Technology Enterprise Accreditation” in this prospectus. According to the F&S Report, there were a total of approximately 100,000 enterprises accredited as a National High and New Technology Enterprise in the PRC as at 31 December 2016.	15 November 2016 to 14 November 2019 (Since 2003)	Shenzhen Science and Technology Innovation Commission; Finance Commission of Shenzhen Municipality; Shenzhen Municipal State Taxation Bureau; Shenzhen Local Taxation Bureau
ISO14001:2015 Environmental Management System Certificate (環境管 理體系認證證書)	Environmental management activities in the occasions of departments, offices, working places related to development of computer software, communications equipment and monitoring software; computer information systems integration and services, network and computer system operation and maintenance services	6 June 2017 to 5 June 2020 (Since 2017)	Guangdong Quality Testing CTC Certification Co., Ltd.
GB/T 28001-2011 Occupational Health and Safety Management System Certificate (職業健康安全 管理體系認證證書)	Occupational health and safety management activities in the occasions of departments, offices, working places related to development of computer software, communications equipment and monitoring software; computer information systems integration and services, network and computer system operation and maintenance services	6 June 2017 to 5 June 2020 (Since 2017)	Guangdong Quality Testing CTC Certification Co., Ltd.
Standard Conformance Certificate for Service Operation and Maintenance of Information Technology Services (Grade III) (資訊 技術服務運行維護標準符 合性證書三級)	Evaluation of the maturity of an enterprise in its information technology services	20 September 2017 to 19 September 2020 (Since 2017)	China Electronics Standardisation Technology Association Information Technology Service Standards Sub-Association

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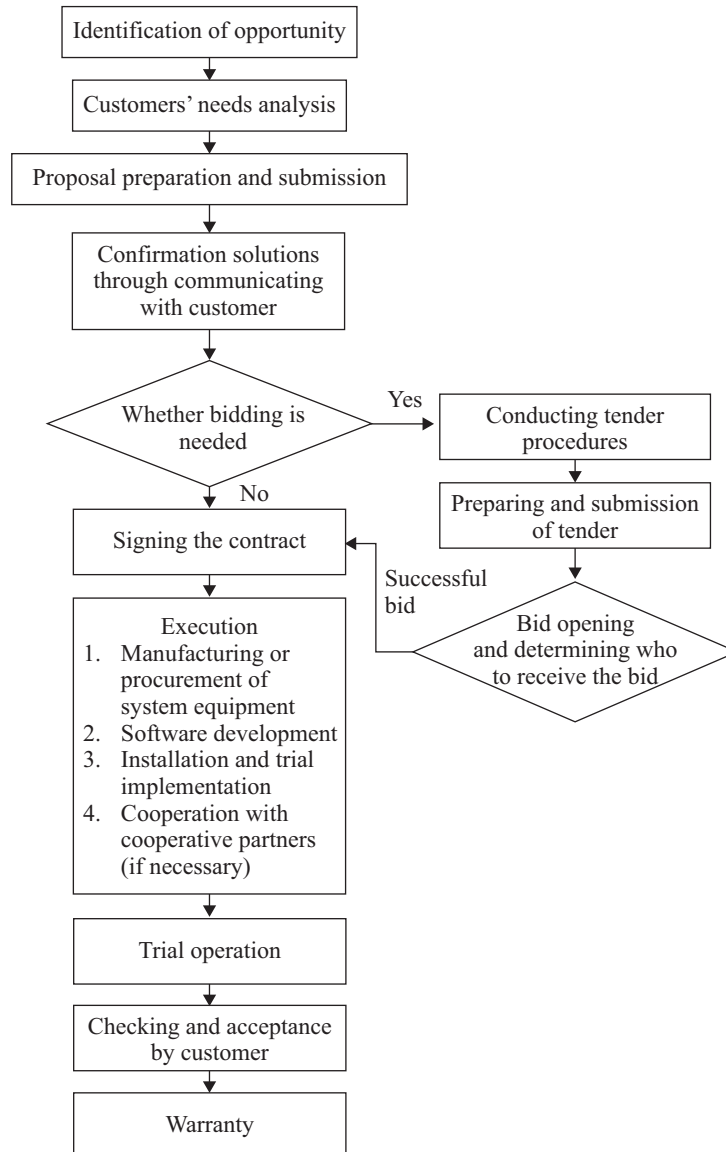
Accreditation & Certificates	Details	Time of awarding/ Valid duration for awarding	Accredited/Certified by (As per the latest renewal)
Guangdong Province Certificate of Design, Construction and Maintenance of Safety Technology Prevention System (Level 4) (廣東省 安全技術防範系統設計、 施工、維修資格四級證書)	The design of security system of the public security organs in the Guangdong Province, the implementation of qualification management of construction and maintenance. A unit that has not obtained the relevant qualification certificate shall not engage in electronic system design, construction and maintenance operations.	18 September 2017 to 18 September 2019 (Since 2017)	Security Technology Prevention and Management Office of Guangdong Public Security Department
ISO9001:2008 Quality Management System Certificate (質量管理體系認證證書)	The development, system integration and maintenance for computer software, communication products and supervision software	13 November 2015 to 12 November 2018 (Since 2015)	Beijing ZhongLian TianRun Certification Center
The State Golden Card Project 2010 Annual Golden Ant Award (二零一零年度國家金卡工 程優秀成果金螞蟻獎優秀 應用成果獎)	The highest award of the State Golden Card Project aims to encourage the recognition and implementation of the Golden Card Project Production and Application of Combination of smart card industry related enterprises and scientific research departments in the PRC	Granted in June 2010	The State Golden Card Project Coordination Leading Group Office
Software Copyright Registration Certificates (計算機軟件 著作權登記證書)	Software copyright is recorded and protected by means of registration and filing, so that software may enjoy taxation reduction or exemption when being sold.	Issued according to different verifications of software	The National Copyright Administration of China
China Compulsory Certification of Products — Explosion Protection Certificate of Conformity (中國國家強制性產品認證 證書 — 防爆 合格證)	A certificate for confirming the apparatus in conformity to the standard of the requirements, pattern test and routines tests adaptation	Issued according to different verifications of apparatus	China National Quality Supervision and Test Centre for Explosion Protected Electrical Products
The Award for Leading RFID Enterprise in the PRC (中國RFID領先企業獎)	The 2012 Election of IoT RFID in the PRC	April 2013	China Information Industry Trade Association; China RFID Industry Alliance
Top 100 Shenzhen Software Enterprise (二零零九年度 深圳百強軟件企業)	A recognition of the top 100 software enterprise in Shenzhen	January 2010	Shenzhen Software Industry Association

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WORKFLOW OF OUR BUSINESSES

Workflow of our system integration and software development operations

The following diagram describes the workflow of our system integration and software development operations:



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<i>Identification of opportunity</i>	Our contracts are awarded mainly through (i) pitching activities and (ii) referrals.
<i>Customers' needs analysis</i>	After identifying an opportunity, our sales team and system solutions team would carry out a preliminary assessment of the current conditions of customers' business and the problems to be solved through site-visits and discussion with our prospective customers to consider the estimated size of the contract, the type and complexity of the work involved and the amount of human resources to be deployed.
<i>Proposal preparation and submission</i>	Based on our preliminary assessment results of our prospective customers' requirements, our system solutions team would draw up a detailed project proposal, which would be submitted to our prospective customers' for consideration. The proposals we submit would typically include (i) the major functions of the solutions to be implemented; (ii) technical details of how we plan to carry out the project, and (iii) a list of which software and hardware would be deployed in the solution.
<i>Confirmation of solutions through communicating with customers</i>	Through thorough communication and discussion with the customers, the final solution to be implemented will be determined.
<i>Conducting tender procedures</i>	If prospective customers adopt tendering as the way of selecting the vendor to implement the project, we will participate in the tendering and conduct related tendering procedures such as purchasing the tender, paying for the tender guarantee and submitting the qualification certificates required by the tender offeror.
<i>Preparing and submission of tender</i>	<ul style="list-style-type: none">• Our sales team prepares the business sections of the tender.• Our technical team prepares the technical sections of the tender.• The tender would typically include (i) our offer price; (ii) statement that specifies technical details on how we plan to carry out the project and a list of which software and hardware would be deployed; (iii) a list of our qualifications. For details of our quotation preparation, please refer to "Our customers — Pricing policy" in this section.• Our sales team submits the sealed tender to the customers' personnel in charge of the tendering.

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Signing of contract

If our prospective customer approves our proposal or accepts our tender submission, a legally binding contract will be entered into between our customer and us.

During the Track Record Period, our contracts with customers generally contained the following summarised terms:

- (i) **Contract period:** A fixed contractual period is provided;
- (ii) **Scope of service:** Our scope of services are stipulated in the contract;
- (iii) **Payment:** The contract fee is generally a fixed fee, our customers need to pay a deposit and the remainder shall be payable according to the payment schedules;
- (iv) **Checking and acceptance by customer:** the schedule for customer to carry out checking and acceptance procedures and the required specification are stipulated in the contract;
- (v) **Delivery:** A fixed time of delivery is usually stated in the contract;
- (vi) **Warranty or guarantee period:** There is usually a warranty period for repairs or a guarantee period for quality;
- (vii) **Liability:** We need to pay a fixed sum for late deliveries and are responsible for compensating our customer for its damages or losses according to the contract should there be quality defects; and
- (viii) **Termination:** The contract may generally be terminated if either party commits a breach as stipulated in the contract which is not remedied within a specified period of time upon receiving a written notice from the other party.

Execution

- We will form a project implementation team to draw the implementation plan, which will facilitate the implementation of the project as planned after customer's confirmation.
- Depending on the specific design of the solutions, we may have to commission our third-party manufacturers to manufacture or procure system equipment and develop software which forms part of the system.

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- During the process of project implementation, the project implementation team will hold regular meetings with the customer to follow up the process of the project and solve the problem encountered, and to make sure the on-site construction complied with all the regulations.
- We may cooperate with cooperative partners for certain parts of the project if necessary.

Trial operation and checking and acceptance by customer

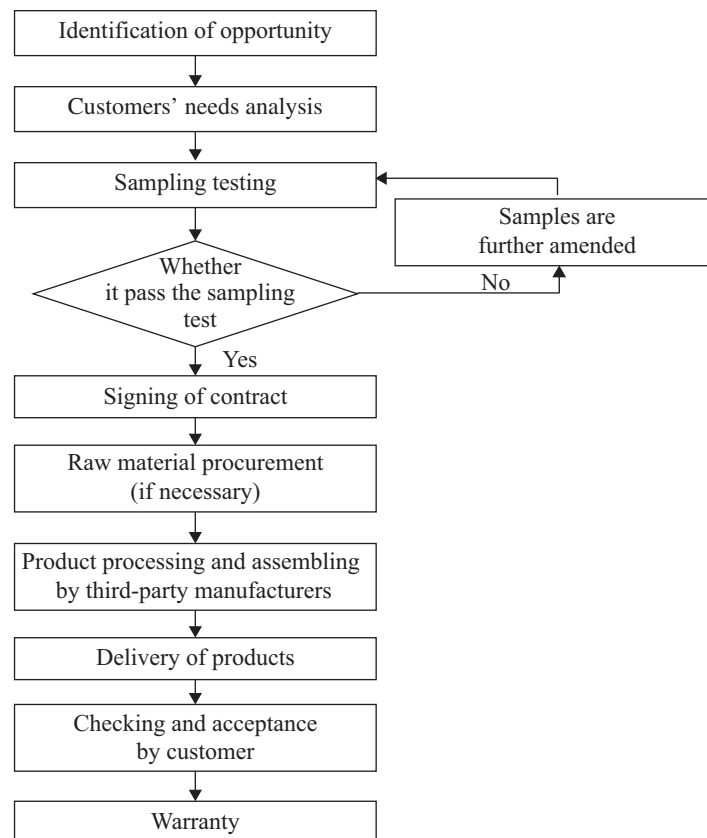
The project implementation team will conduct an integrated testing and trial-run on the system to detect potential defects and take remedial measures. Subsequently, our customers would check and accept the project by signing a written acceptance.

Warranty

We carry out problem diagnostics and fix technical errors for free should we be responsible for the defects in the warranty period or should there be a guarantee period for quality.

Workflow of our sales of intelligent terminal products operations

The following diagram describes the workflow of our sales of intelligent terminal products operations:



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Identification of opportunity

Our contracts are awarded mainly through (i) pitching activities and (ii) referrals.

Customers' needs analysis

Our sales team would promote our products through exhibitions or visiting customers. Customers with demand for products might also take the initiative to contact us. Through communication with customers, our sales team would understand their product requirements.

Sampling testing

Based on the thorough understanding and analysis on customer's requirements, we select the appropriate products and let the customers carry out testing and confirm whether they are satisfied with the samples or not. Our technical team would provide technical support during the testing process. If the samples do not pass the sampling test, our technical team would carry out amendments to the samples and the amended prototype would be sent to another sampling test until the prototype is to the satisfaction of the customer.

Signing of contract

After a sample testing is passed, our sales team would negotiate the commercial terms with our customers. A legally binding contract will then be entered into between our customers and us.

During the Track Record Period, the product sales contracts we entered into with our customers generally contained the following summarised terms:

- (i) **Contract period:** A fixed contractual period is generally provided;
- (ii) **Sales items:** Descriptions of our products sold are included in the contract;
- (iii) **Payment:** The contract fee is generally a fixed fee, payable according to the payment schedules;
- (iv) **Delivery:** A fixed time of delivery is usually stated in the contract;
- (v) **Checking and acceptance by customer:** the schedule for customer to carry out checking and acceptance procedures and the required specification are stipulated in the contract;
- (vi) **Warranty or guarantee period:** There is usually a warranty period for repairs or a guarantee period for quality;

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(vii) **Liability:** We need to pay a fixed sum for late deliveries and are responsible for compensating our customer for its damages or losses according to the contract; and

(viii) **Termination:** In some cases, the contracts can be terminated if the products sold fail to meet the product specifications.

Raw material procurement (if necessary) and product assembly by third-party manufacturers

As we do not have mass production facilities, we will engage third-party manufacturers to process and assemble hardware based on our design and prototype.

Depending on the requirements of our customers, we may procure raw materials ourselves or commission our third-party manufacturers to procure the necessary raw materials on our behalf.

Delivery, checking and acceptance of the products

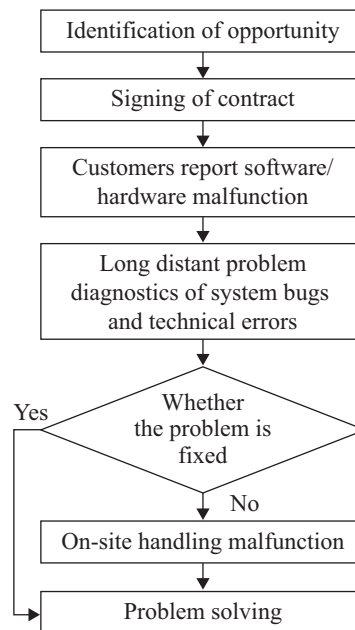
We deliver the products to customers' designated delivery place within designated time in accordance with the product sales contract. Subsequently, our customers would check and accept the products by signing a written acceptance.

Warranty

We carry out problem diagnostics and fix technical errors for free should this be stated in the warranty or guarantee clause of the contract.

Workflow of our system maintenance services operations

The following diagram describes our system maintenance service workflow:



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<i>Identification of opportunity</i>	Our contracts are awarded mainly through soliciting our system integration customers to engage us for charged system maintenance services upon completion of the system integration project.
<i>Signing of contract</i>	<p>During the Track Record Period, the system maintenance contracts we entered into with our customers generally contained the following summarised terms:</p> <ul style="list-style-type: none">(i) Contract period: A fixed contractual period is provided;(ii) Scope of service: Our scope of service is stipulated in the contract;(iii) Payment: The contract fee is calculated based on the amount of services provided according to a fixed unit price;(iv) Liability: A fixed amount of our fees will be deducted if our services provided are not satisfactory; and(v) Termination: The contract may generally be terminated if either party commits a breach as stipulated in the contract which is not remedied within a specified period of time upon receiving written notice from the other party or we fail to upkeep our standards as required.
<i>Customers report malfunction</i>	Once a failure or malfunction occurs in the system, customers can contact our engineers through telephone, email or the malfunction reporting website.
<i>Long distant problem diagnostics of bugs and technical errors</i>	After receiving a report on malfunction, our technical team would contact the customer to understand the details and try to fix the error through accessing the customer's system for long distant diagnostics.
<i>On-site handling</i>	If the problem cannot be solved by remote means, our technical team will fix the problem on-site.
<i>Problem solving</i>	For software or data problems, we will provide a solution to our customer. For hardware problems, we will either fix it on-site or give to our customer a backup hardware and send the faulty hardware back to repair. After the problem is solved, our customer needs to sign a malfunction handling form as confirmation of satisfaction.

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SALES AND MARKETING

Marketing Policy

We believe that brand awareness and recognition of our brand are critical to our success. We conduct our marketing activities through a variety of channels, including our in-house sales and marketing team, through participation in tenders, collaboration with widely recognised large-scaled information technology companies to boost business to business (B2B) sales, participation in industry exhibitions and online sales platforms through online platforms to boost business to customer (B2C) sales.

As at the Latest Practical Date, our sales and marketing team, which is headed by Mr. Gao, had over 10 members. Our sales and marketing team has been actively in identifying prospective customers and managing existing customer. Our sales generated from intelligent terminal products, software development and system integration projects are mainly solicited by our sales and marketing team.

For each of the three years ended 31 March 2017 and the four months ended 31 July 2017, advertising expenses incurred by our Group amounted to approximately RMB219,000, RMB155,000, RMB105,000 and RMB1,000 respectively.

Tendering

To better manage our risk exposure and ensure the quality of our work, our strategy is only to participate in the tendering of projects which we had been involved in the preliminary preparation work. Therefore, our participation in tendering during the Track Record Period had been limited. On receipt of a tender, we evaluate and conduct an analysis of the tender documents to identify the scope of work, cost, schedule and technical requirements. The time which the tender review process takes varies from case to case, and depends on specific tender requirements of a contract. Our senior management shall review and approve any tender before our confirmation of the tender price and submission of form of tender. In evaluating a tender, we consider, among other factors, the type and scale of the contract, our resources and the potential value to our business profile. We price a tender by making reference to our previous tender records and the latest prevailing raw materials, third-party and labour costs.

The following table illustrates our tender success rate during the Track Record Period:

	For the year ended 31 March			For the four months ended 31 July	
	2015	2016	2017	2016	2017
Number of tenders submitted	2	2	2	1	4
Number of successful tenders	2	2	0	0	2
Success rate of tender proposals	100%	100%	0%	0%	50%

During the three years ended 31 March 2017, we achieved an overall tender success rate of approximately 67.0%. For the four months ended 31 July 2016 and 2017, our tender success rates were 0% and 50% for the respective periods.

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RESEARCH AND DEVELOPMENT

We have strong research and development capabilities and innovative technologies in the provision of IoT intelligent terminal product application and solutions services. Core technologies developed by us include the following:

(a) *RFID intelligent identification technology and transmission technology used in IoT sensory technology*

The products and systems developed by our Group based on the RFID intelligent identification technology can achieve the identification of personnel or objects, thus achieving the corresponding management of personnel or objects, for instance, whether the liquefied gas cylinders can be filled or not, whether the personnel are permitted to enter into the specified areas, etc. In addition, the products and systems developed by our Group based on the transmission technology can perform functions such as acquiring real-time information of the vehicle's position and condition, and detecting the availability of the parking space.

(b) *Explosion-proof technology*

Through various explosion-proof technologies, we have designed and developed a number of types of electronic equipment with explosion protection certificates of conformity, which meet the requirements of relevant PRC laws and regulations and can be used in explosive and hazardous areas. A number of our Company's products have attained the highest level of intrinsically safe explosion-proof standard. As at the Latest Practicable Dates, our products set out below had been accredited with explosion protection certificates of conformity:

No.	Explosion-proof certificate no.	Name	Model and Specification	Date of Award	Expiry Date
1	CNEx13.0690X	Reader	BR4R10-11-Q 24VDC	13 March 2013	12 March 2018
2	CNEx13.0691X	Positioning device	BR1W11-L1-Q 24VDC	13 March 2013	12 March 2018
3	CNEx13.3685X	Positioning device	BR1W12-L1-Q 24VDC	13 November 2013	12 November 2018
4	CNEx13.3687X	Reader-model positioning device	BR1W11-L2-Q 24VDC	13 November 2013	13 November 2018
5	CNEx13.3686X	Reader	BR4R12-11-Q 24VDC	13 November 2013	12 November 2018
6	CNEx14.0159X	Explosion-proof hand-held mobile terminal	BR4WB-L1-H 3.7VDC	20 January 2014	19 January 2019
7	CNEx14.1206X	Explosion-proof positioning tag	BT4W12-1600Y-L	5 May 2014	4 May 2019
8	CNEx14.2666X	Ultra-high frequency explosion-proof reader	BR9W12-L2-D 12~24VDC	29 September 2014	28 September 2019
9	CNEx14.3375	Explosion-proof hand-held mobile terminal	BR9WE-L2-H DC3.7V	16 December 2014	15 December 2019
10	CNEx17.1298X	Explosion-proof hand-held mobile terminal	BRDWG-LX-H DC3.7V	16 May 2017	15 May 2022

(c) Mobile application technology

By employing the embedded technology, we have developed readers, electronic tags, mobile devices, sensory electronic tags, positioning devices, vehicle monitoring devices, etc. In addition, we have also developed low-frequency awakening active RFID tags (personnel and assets tags) by applying the wireless positioning technology as well as vehicle positioning products with the use of global positioning system technology.

(d) Data processing technology

With this technology, we help customers to conduct real-time analysis, store data in the database, to present the data and to assist them to make decisions and fulfill customers' requirements over data. Most of the systems developed by us are utilising the data processing technology such as electronic monitoring system for pressured vessels storing dangerous goods, intelligent inspection and staff positioning system and energy-saving cloud platform.

R&D personnel

During the Track Record Period and as at the Latest Practicable Date, we had not entered into any R&D cooperation agreements with any parties. As at the Latest Practicable Date, our R&D team has about 30 professionals, accounting for approximately 18.4% of our total staff, whereby all of them have completed college education or above in computing software or information engineering or other related areas. Our R&D team is experienced and most team members engage in many R&D projects such as system, data base and hardware system development. Our R&D procedure follows the ISO9001:2008 strictly to meet the requirements for a quality management system.

R&D Expenses

Expenditure on research activities is recognised as an expense in the period in which it is incurred. For the three years ended 31 March 2017 and the four months ended 31 July 2017, we incurred our R&D expenses of approximately RMB1.4 million, RMB0.8 million, RMB0.5 million and RMB1.2 million respectively, accounting for approximately 4.8%, 1.4%, 0.5% and 2.1% of our revenue respectively. The decrease in our R&D expenses was due to the fact that more system engineers devote their effort to operations contributing to revenue from their original position of performing research during the years ended 31 March 2016 and 2017 in which relevant expenses had been captured in the cost of sales and services rendered during the relevant periods.

Future research and development plan

Over the next five years, we will continue to invest on our research facilities and focus on technological innovation. Based on our existing expertise and technology, our Group intends to enhance the development and upgrade its IoT solutions in order to broaden its scope of application of the IoT solutions and enhance the quality and reliability of the solutions. We intend to utilise approximately 16.3% of the net proceeds from the Global Offering to enhance our R&D capability and improve the quality of our products and services, in order to seize the market opportunity and the potential of IoT application in the city public safety management sector and the "Smart City" market in the PRC. For

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further details, please refer to the section headed “Business — Our business strategies and future plans — Continue to solidify and strengthen our R&D capabilities and improve the quality of our service and products” in this prospectus.

OUR CUSTOMERS

During the Track Record Period, our customers were primarily based in the PRC, coming from both the public and private sectors in the PRC such as governmental authorities, large-scaled state-owned enterprises and private enterprises in the PRC.

Our major customers

The following table sets out our five largest customers based on their contributed revenue during the Track Record Period:

For the year ended 31 March 2015:

Our customer	Principal business activities	Operating segment	Approximate revenue recognised (RMB'000)	Approximate percentage of our total revenue	Approximate year(s) of relationship with our Group
Customer A	Petroleum products distribution	System maintenance services	6,424	22.1%	15
Customer B	Governmental authority	System integration	4,840	16.6%	3
Shanxi Qinneng Electrical Technology Co., Ltd.* (陝西秦能電力 科技有限公司)	Sales of power system automation and power security products	Software development	4,160	14.3%	5
Customer D	Sales of petroleum chemical products	Software development	3,200	11.0%	5
Qianhai Banban (Note 1)	Information technology industry	Software development	2,766	9.5%	3
Total			21,390	73.5%	

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For the year ended 31 March 2016:

Our customer	Principal business activities	Operating segment	Approximate revenue recognised (RMB'000)	Approximate percentage of our total revenue	Approximate year(s) of relationship with our Group
Golden Spring <i>(Note 3)</i>	IoT technologies	Intelligent terminal products sales	24,306	42.7%	3
Customer A	Petroleum products distribution	System maintenance services	5,635	9.9%	15
Customer E	Information technology industry	System integration	5,114	9.0%	1.5
Shenzhen Huaruide Technology Co., Ltd.* (深圳市華銳德科技有限公司)	Electronic products	Software development	4,680	8.2%	1.5
Qianhai Tonglian <i>(Note 2)</i>	Vehicle services	Software development	3,150	5.5%	2.5
Total			42,885	75.3%	

For the year ended 31 March 2017:

Our customer	Principal business activities	Operating segment	Approximate revenue recognised (RMB'000)	Approximate percentage of our total revenue	Approximate year(s) of relationship with our Group
Customer E	Information technology industry	System integration	41,538	40.0%	1.5
Customer F	IoT technologies	Intelligent terminal products sales	19,709	19.0%	1.5
Golden Spring <i>(Note 3)</i>	IoT technologies	Intelligent terminal products sales and software development services	13,965	13.4%	3
Shenzhen Xianchuang Numeral Technology Co., Ltd. (深圳市先創數字科技有限公司)	IoT technologies	Software development	8,634	8.3%	1.5
Customer A	Petroleum products distribution	System maintenance services	5,487	5.3%	15
Total			89,334	86.0%	

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For the four months ended 31 July 2017

Our customer	Principal business activities	Operating segment	Approximate revenue recognised (RMB'000)	Approximate percentage of our total revenue	Approximate year(s) of relationship with our Group
Customer E	Information technology industry	System integration	20,648	36.3%	1.5
Beijing Dehe Technology Co., Ltd. * (北京德赫科技有限公司)	Information technology industry	System integration	16,854	29.6%	0.5
Beijing Haotongda Electronic Engineering Co., Ltd.* (北京皓通達電子工程有限公司)	Electronic products	System integration	5,735	10.1%	0.5
Golden Spring <i>(Note 3)</i>	Electronic products	Intelligent terminal products sales	4,946	8.7%	3
Shenzhen New Haotongda Electronic Engineering Co., Ltd.* (深圳新皓通達科技有限公司)	Electronic products	System integration	3,136	5.4%	1
Total			51,319	90.1%	

Notes:

1. Qianhai Banban was incorporated in September 2015 and was ultimately held as to 80% by Ms. Ho and Mr. KM Lai and was a connected person of our Group at the material time. In August 2016, Ms. Ho and Mr. KM Lai disposed their respective equity interests in Qianhai Banban to an Independent Third Party. Upon the disposal, Qianhai Banban ceased to be a connected person of our Company.
2. Qianhai Tonglian was incorporated in September 2014 and was ultimately held as to 80%, 15% and 5% by Mr. Lai and two other Independent Third Parties respectively as at the Latest Practicable Date and is a connected person of our Company.
3. Shenzhen Bohai, a subsidiary of our Company, was held as to 35%, 15%, 30% and 20% by our Group, Golden Spring and two other Independent Third Parties respectively as at the Latest Practicable Date. As Shenzhen Bohai is an insignificant subsidiary of our Company pursuant to Rule 14A.09 of the Listing Rules, Golden Spring is not a connected person of our Company and thus the transactions between our Group and Golden Spring would not constitute connected transactions.

Our Directors confirmed that, save for Qianhai Banban and Qianhai Tonglian, none of our Directors, their respective associates or any Shareholder (who or which, to the best knowledge of our Directors, owns more than 5% of our issued share capital as at the Latest Practicable Date), has or had any interest in any of our five largest customers for the three years ended 31 March 2017 and the four months ended 31 July 2017. None of our customers was our supplier during the Track Record Period.

Relationship with Golden Spring

Golden Spring is a joint stock company listed on the National Equities Exchange and Quotations stock market in the PRC since 2010. Golden Spring is principally engaged in the business of (i) the production of manufacturing machinery and other related equipment for RFID products; (ii) the production RFID reading devices; and (iii) the provision of RFID application systems and technology services. To the best knowledge of our Directors, the top ten largest shareholders of Golden Spring as at the end of 2016 and Golden Spring's directors, supervisors and senior management are all Independent Third Parties.

Mr. Lai became acquainted with the chairman of Golden Spring in 2010 through the RFID China Alliance (中國RFID產業聯盟), where both IBO Shenzhen and Golden Spring are members. Business dealings between our Group and Golden Spring commenced in September 2015 before the establishment of Shenzhen Bohai in April 2016. During the Track Record Period, there were a total of five business dealings between Golden Spring and our Group, with the relevant contracts signed in September 2015 (sales of intelligent terminal products), November 2015 (sales of intelligent terminal products), March 2016 (sales of intelligent terminal products), May 2016 (sales of intelligent terminal products) and June 2016 (as amended in December 2016) (software development) respectively. All of our transactions with Golden Spring had been obtained through quotation and, in-line with the project-based nature of the business of our Group, were non-recurring in nature. Our Group recognised aggregate revenue of approximately RMB43.2 million from our transactions with Golden Spring, which accounted for approximately 42.7%, 13.4% and 8.7% of our Group's total revenue for each of the two years ended 31 March 2017 and the four months ended 31 July 2017 respectively. To the best knowledge of our Directors, our Group was not the sole supplier of Golden Spring and our Directors confirmed that Golden Spring had not returned any product supplied by our Group.

In April 2016, our Group decided to enter into cooperation with Golden Spring, as well as Mr. Jia Yongzhong and Mr. Wang Baoliang through the establishment of Shenzhen Bohai as a joint venture for the said cooperation. It is expected that the well-developed customer network, which includes industrial enterprises, will help build and grow the customer base of Shenzhen Bohai. On the other hand, Mr. Jia Yongzhong has his qualification as an engineer obtained since 1997 possessing experience in such industries as intelligent production and information technology. Further, Mr. Wang Baoliang, being a senior engineer with approximately 20 years of experience in power automation control and electrical production technological management, acted as a director and the general manager of Shenzhen Bohai as at the Latest Practicable Date. Upon establishment, Shenzhen Bohai was owned as to 35% by IBO Shenzhen, 15% by Golden Spring, 30% by Mr. Jia Yongzhong and 20% by Mr. Wang Baoliang. As at the Latest Practicable Date, Mr. Jia Yongzhong and Mr. Wang Baoliang were Independent Third Parties.

Apart from Golden Spring's cooperation in relation to its investment in Shenzhen Bohai, Golden Spring has no connection with our Group. None of our Controlling Shareholders and our Directors has investment in Golden Spring, and our Directors, supervisors and senior management of Golden Spring are all Independent Third Parties at all material times. Moreover, Shenzhen Bohai has not commenced business and is considered an insignificant subsidiary of our Company within the meaning of Rule 14A.09 of the Listing Rules throughout the Track Record Period and up to the Latest Practicable Date. Accordingly, Golden Spring did not constitute a connected person of our Company under Chapter 14A of the Listing Rules at any point of time throughout the Track Record Period and up to the Latest Practicable Date.

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As (i) material terms of each of the agreements (including pricing, payment terms, credit period and warranty) are in-line with comparable agreements in terms of contract sum and contract period entered into by our Group; (ii) the quotation provided by our Group was found at the lower end among the quotations obtained by Golden Spring; and (iii) our Company's gross profit margin from the software development agreement is consistent with that of our Group's other business dealings with Independent Third Parties of similar nature, our Directors confirmed that the above transactions with Golden Spring, which were entered into after arm's length negotiations between our Group and Golden Spring, are fair and reasonable, on normal commercial terms and are not more favourable to those offered by our Group to other Independent Third Parties in contracts of similar nature.

Customer concentration

We generally provide IoT intelligent terminal product application and solutions services on a project basis. For the three years ended 31 March 2017 and the four months ended 31 July 2017, the revenue from our five largest customers of the corresponding period accounted for approximately 73.5%, 75.3%, 86.0% and 90.1% respectively of the total revenue of our Group, whilst the largest customer of the respective periods accounted for approximately 22.1%, 42.7%, 40.0% and 36.3% respectively of the total revenue of our Group for the same period.

Benefitting from more than a decade's experience in the industry, we have grown to be capable of undertaking some large-scaled projects, especially evident from our increasing business cooperation with large-scaled state-owned enterprises and governmental authorities. A large-scaled project occupies a substantial part of our resources, which will inevitably result in our Group not being able to deploy resources to other projects. Therefore, given the existing size of our Group, if we are engaged for a large-scaled project, it will be easy for the customer of the said project to become our largest customer during the relevant period. Moreover, we offer customisable services and products whereby we are required to thoroughly consider the unique circumstances, which may involve complex issues such as city infrastructure and planning, pertaining to our customers on an individual case-by-case basis. As a result, the timespan for completion of our projects is long and takes up to over 6 months on average.

Sustainability of our businesses in view of customer concentration

Our Directors are of the view that despite the aforesaid issue of customer concentration, the business of our Group is sustainable due to the following reasons:

(a) Industry landscape and business nature

It is not uncommon for a single project, in particular those large-scaled projects, to have a large contract sum such that one large-scaled project can contribute to a substantial amount of our revenue during the project period. In addition, a sizeable project can have a lengthy execution period lasting up to 2 years. Accordingly, if we decide to undertake a project with a large contract sum, the relevant customer may easily become our largest customer in terms of revenue contribution to us during the project duration. This is supported by the fact that our single largest customer for each of the three years ended 31 March 2017 were all distinct from each other.

Therefore, the issue of concentration of customers at any specific point of time is purely caused by (i) the project-based nature of the business of our Group, (ii) the lengthy execution period of each project which led to a longer revenue recognition period for our Group, (iii) the

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existing limited size of our Group which limited the number of projects that could be taken up by us at the same time and (iv) strategic allocation of resources of the management. It is of different nature from over-reliance and not an indication of our Group's inability to secure business from other customers.

(b) Our ability to bring in new customers

Our Directors believe that our Group is able to secure new projects from new customers, referral from existing customers or by those with knowledge of our service and quality, or through personal and business contacts of our Directors. We also approach prospective customers from time to time to show our interest for being one of their approved contractors by introducing our background and industry experience. We are of the view that our previous job reference, expertise in relation to IoT intelligent terminal product application and solutions projects and relationship with customers are some of the important decision factors for our potential new customers in choosing us to be the contractor for their projects. With the securing of new projects from time to time, our Group can reduce the concentration on particular customers or projects.

There were in total 14 different customers ranked as our five largest customers during the Track Record Period. Our total number of customers was 16, 22, 30 and 21 respectively, for the three years ended 31 March 2017 and the four months ended 31 July 2017, of which 12, 22 and 7 were our new customers for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017. The revenue contributed by our new customers was approximately 76.5%, 30.5% and 50.7% of our total revenue respectively for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017. In light of the above, our Directors consider that our Group has endeavoured, and is able to, continue to secure new projects from time to time.

(c) Our plans to strengthen our business relationships with existing customers and increase our recurring income to reduce reliance

Moreover, our Company is actively seeking initiatives to transform our business dealings with our customers to a recurring nature. Customer A is an example that we successfully turned it to a recurring customer. After building the petrol filling IC card system for Customer A, we have been generating recurring income by the provision of system maintenance service afterwards till now. This continues to be the strategy for our future development. We will continue to endeavour to secure new business from our recurring and existing customers. For further details, please refer to the section headed "Business — Our business strategies and future plans — To sustain and strengthen business relationships with existing customers to increase recurring income" in this prospectus. "Smart City" projects under the PPP model, which usually spread over a period of 10 years or above, will enhance our profit-earning ability, public awareness and industry recognition and thus would increase our competitive edge in bidding for the role of main contractor in the future and benefit our Company's profitability in the long run. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our revenue generated through our system integration operations amounted to approximately RMB5.4 million, RMB9.1 million, RMB41.5 million and RMB48.7 million respectively. This upward trend in our system integration operations represents market opportunities and we will strive to capture these opportunities to enhance our Company's profit-earning ability.

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(d) Our expansion to other areas of the “Smart City”

We are actively expanding our businesses through extending the application of our IoT technologies into various sectors of the “Smart City” market and are striving to strategically increase our level of participation in various “Smart City” projects by adopting alternative modes of cooperation, such as the PPP model, to enhance our industry reputation and recognition, diversify our source of revenue and bring more earnings to our Group. As mentioned in “Our business strategies and future plans — To actively expand our businesses through extending the application of our IoT technologies and experience in system integration and system maintenance into different sectors of the “Smart City” market and “Our business strategies and future plans — To explore different forms of business cooperation” in this section, the contractual term of PPP projects is generally 10 years or above. Therefore, participation in “Smart City” projects adapting the PPP model provides would provide us with a stable source of revenue despite the customer concentration.

(e) Our capability to maintain our revenue growth

According to the F&S Report, it is expected that the IoT application in the city public safety management and the “Smart City” sectors remains robust. We intend to further expand our customer base in those two areas and is positioned to continue to benefit from the growing market.

During the Track Record Period and up to the Latest Practicable Date, we had 7 on-going or newly awarded material contracts with a contract sum of RMB5 million or above, with a total aggregated contract sum of approximately RMB530 million, among which revenue of approximately RMB68.1 million had been recognised during the Track Record Period. Furthermore, in January 2017, we entered into a framework agreement with a technology company based in the PRC regarding the Digital Intelligent Motor Vehicle Monitoring Project with a cooperation period of 5 years from 1 January 2017 to 31 December 2021. Pursuant to the agreement, the target realisable sales volume in respect of the system shall be RMB1,000 million in 5 years subject to the parties’ entering into formal agreement(s). The amount of revenue expected to be recognised is subject to change due to the actual progress and commencement and completion dates of our projects.

Our Directors’ view

Given the background in particular that, (i) the nature of our Group’s business is project-based with lengthy execution period and our Group has taken up a growing number of large-scaled projects and transactions during the Track Record Period; and (ii) our businesses remain sustainable despite the customer concentration as demonstrated by (a) our ability to bring in new customers, (b) our plans to strengthen our businesses relationships with existing customers and increase our recurring income, (c) our active expansion into different sectors of the “Smart City” market and (d) our capability to maintain our revenue growth, our Directors are of the view that we will be able to control the risk of customer concentration and capture growth opportunities in the markets. Accordingly, our Directors are of the view that the customer concentration would not impact our Group’s suitability for the Listing.

Long-term agreements

During the Track Record Period, we have signed one material long-term agreement (with a contract period of more than 1 year and contract sum of more than RMB10 million) with legally binding terms and conditions set out as follows:

(a) *The Intelligent Traffic Control Project*

Duration: Approximately 1 year 9 months (from 25 December 2015 to 25 March 2017)

The contract period has been extended to 31 December 2017 due to the delay in completion of this contract arising from circumstances not owing to our fault.

Service scope: For the modification and construction of a intelligent traffic control system (which consists of, among others, a data management system, a comprehensive traffic monitor system and a traffic controller system) based on the existing traffic controller and monitoring systems in Ürümqi, Xinjiang.

Contract sum: Appropriately RMB114 million

Payment terms: The contract sum shall be paid in installments. The first installment was in the amount of 30% of the contract sum. The amount for installment shall be calculated based on the proportion of the work performed by us in accordance with the agreement to the work for which payment has been received by the state-owned technology enterprise from its client.

Price adjustment: The contract sum shall be subject to adjustment only when there is material change in the design of the system.

Performance bond: We shall provide a performance bond of at least 4% of the contract sum issued by a state-owned bank or a joint stock commercial bank.

Retention money: 5% of the contract sum shall be withheld as retention money, and the retention money shall be released within 7 days after the issue of the certificate of expiry of the defect liability period.

Warranty: The agreement provides for a defect liability period of 24 months after completion.

Insurance: We are responsible for maintaining work injury compensation insurance for our employees and any third parties employed by us in the course of performing our obligations under the agreement and property insurance for our construction equipment.

Termination: The agreement provides that it may be terminated: (i) by the state-owned technology enterprise if completion is delayed for more than 4 days as a result of our own fault; (ii) by us if the state-owned enterprise expresses its intention of not performing its obligations under the agreement; (iii) by us if the state-owned technology enterprise fails to rectify their breach of the agreement within 28 days after we suspend work in accordance with the agreement; (iv) by the state-owned technology enterprise if we express our intention of not performing our obligations under the agreement; or (v) by the state-owned technology enterprise if we fails to rectify our breaches after receiving written notice from the state-owned technology enterprise in respect of any material breach of our obligations under the agreement.

Pricing policy

Pricing for system integration, sales of intelligent terminal products and software development services

Our pricing for system integration, sales of intelligent terminal products and software development, which is project-based, is determined having regard to various factors including (i) the scope of works we are responsible for; (ii) the scale, complexity and particular technical requirement of the project; (iii) the estimated project cost (including raw material and labour costs, etc); (iv) the expected profit margin; (v) the estimated duration of the project; (vi) the prevailing market conditions; and (vii) any special terms or requirements.

During the Track Record Period, all of our projects were priced at fixed costs (i.e. priced based on a pre-agreed fixed scope of work). During the Track Record period, we did not experience any material dispute with our customers on the amount of contract sum payable to us. During the Track Record Period, the contracts between our Group and our customers generally do not contain provisions for price adjustment unless there are material changes related to design. Exceptionally, few contracts may allow for a small range of price adjustment. The unit price of raw materials are determined and fixed at the time of tender submission taking into account possible future price fluctuations. To better estimate the tender price and mitigate the risk of consumable price fluctuation, we would first obtain fee quotations on the raw materials from suppliers. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material fluctuations in the unit price of raw materials that had material impact on our business, financial condition or results of operation. During the Track Record Period, there were no loss-making projects and we had not experienced any material loss in relation to our system integration, sales of intelligent terminal products and software development services due to substantial inaccurate cost estimate.

Pricing for system maintenance services

For our system maintenance services, our pricing is determined with reference to the complexity of the project, the human resources required and the estimated amount of time to be expended in the provision of the relevant services.

Seasonality

Due to the nature of our businesses which is mainly project-based, we do not have any significant seasonal trends during the Track Record Period, and we believe that there is no apparent seasonality factor affecting the industry.

Credit policy

Our management is responsible for formulating our credit policy and our accounting team is responsible for implementing and monitoring the settlement of our service fees from time to time.

Depending on the type of products or services provided and the complexity of the contract, we may require our customers to settle in one lump sum payment, by way of deposit, or according to the payment schedules set out in the contracts. For those contracts with a payment schedule, we generally require our customers to make payments over 4 to 5 stages, which may compose payment of (i) a deposit of generally 30% of the contract sum; (ii) upon contractual milestone stages; (iii) upon completion of the contract and (iv) upon expiry of the warranty period of the retention monies of 5–10% of the contract sum. For our system maintenance services, the contract fee is generally payable on a quarterly basis. A credit period of 30 days to 180 was generally granted during the Track Record Period.

Our accounting team closely monitors the settlement status of our trade receives and regularly reviews the credit terms. During the Track Record Period, payments from our customers were settled in either RMB or HKD and were generally settled by bank transfer. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our average trade and retention receivable turnover days were approximately 68 days, 97 days, 133 days and 150 days respectively, which fall within the general credit period we granted to our customers.

Further details of our credit policy is set out in the section headed “Financial information — Analysis of selected items from the combined statements of financial position — Trade and other receivables” in this prospectus.

Product returns, warranty and complaint policies

We replace defective products under the contractual terms and conditions regarding product quality, but do not allow refund for defective products after seven days of sales. For our systems and products delivered in projects, our customers are generally granted a warranty period of one year after completion of such projects. For intelligent terminal products, they are also covered with one year warranty. Within the warranty period, free repair and maintenance would be provided except for artificial damages. During the Track Record Period, we have not encountered any material claims or requests from customers for rectification work or product return due to any defects of our works.

We are responsible for the standards of our products and services. Nonetheless, if the issue on the product quality was caused by substandard services of our suppliers, we would seek indemnification from them to cover our losses suffered.

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Our customers can lodge a complaint about our products or services *via* our service hotline or our email, or lodge a direct complaint to our sales personnel or management. We did not receive any complaint against the quality of our products nor the quality of the services of our sales personnel during the Track Record Period.

OUR SUPPLIERS

Our Group's suppliers include raw material suppliers, third-party manufacturers and cooperative partners. The raw materials we procure from the raw material suppliers are principally electronic materials, including chips, high-speed wire, stainless steel, polycarbonates (PC), and acrylonitrile butadiene styrene (ABS) for casing and other electronic parts. During the Track Record Period, our raw material suppliers were mainly located in the PRC. Some of the raw materials supplied by the raw material suppliers are required to undergo further processing or assembling. As we do not have mass production facilities, we need to engage third-party manufacturers to process or assemble hardware. Also, we cooperate with third parties for certain parts of our projects. During the Track Record Period, we generally engaged five third-party manufacturers with manufacturing operations in the PRC. For the three years ended 31 March 2017 and the four months ended 31 July 2017, the total raw materials and third-party costs was approximately RMB4.3 million, RMB13.5 million, RMB38.1 million and RMB34.8 million respectively, accounting for approximately 33.9%, 59.5%, 75.7% and 93.3% of cost of sales rendered during the corresponding periods.

Selection of suppliers

We conduct background search on our suppliers and select them based on their track record, reputation, price, quality and past performances.

We maintain an approved list of suppliers that meet our criteria, which we review annually or bi-annually. During our review, we may remove any suppliers that fail to meet our standards and may add new suppliers to our list according to our assessment of their performance.

Management of the cost of raw materials

The prices of our primary raw materials generally fluctuate as a result of various factors, including supply and demand, our bargaining power with our suppliers, logistics and government regulations and policies. During the Track Record Period and up to the Latest Practical Date, we had not experienced any material fluctuation in the costs of procurement that would have had a material impact on our business, financial condition or results of operations. According to F&S Report, the price of major raw materials used by our Group, including chips, high-speed wire, stainless steel, polycarbonates (PC) and acrylonitrile butadiene styrene (ABS) for casing, had shown a declining trend during the period from 2010 to 2016. For the detailed analysis of the fluctuation of the prices of raw materials, please refer to the section headed "Industry overview" in this prospectus.

We obtain quotations from our suppliers before we procure any supplies. Prices are determined by reference to quotation of suppliers as agreed between us and the suppliers or an order-by-order basis. Our Directors consider various factors during procurement of supplies, including the delivery time, price and payment terms proposed by the suppliers. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material fluctuations in the costs of supplies that had material impact on our business, financial condition or results of operation. Our raw material

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procurement is determined on the project basis. Procurement department adopts the following procedures and principals to determine the price for procurement of raw materials: (i) regularly monitor the prevailing market price of the raw materials and (ii) contact suppliers and keep updating the reference price for the raw materials in accordance with the raw materials requirements. In addition, we generally quote from a number of suppliers on our approved suppliers list when procuring raw materials to obtain the best price and best quality of the raw materials. Besides, in case of the price fluctuation, we can shift the burden to customers to stabilise the profit margin when we sign the contract with respect to the projects.

Raw materials involved in the third-party manufacturers' processing are generally procured by us. In a typical project, we will select suppliers from the raw material supplier list to procure raw material needed. Hardware components that need to be processed include electronic tags, outer shell mould for reader, card dispenser, etc. The raw materials will be delivered by the raw material suppliers to our designated destination for the quality control department for inspection. We will then deliver to the third-party manufacturers to undergo processing after the raw materials pass the inspection.

Agreements with suppliers

The following sets out the principal terms and conditions in the contracts with our suppliers:

Nature of suppliers:	In general, we have three types of suppliers: raw material suppliers, third-party manufacturers and cooperative partners.
Delivery:	<ul style="list-style-type: none">• Generally to a location designated by us.• Suppliers are generally responsible for delivery.
Payment terms:	The payment terms vary with the nature of the products being supplied but the payments are generally made in installments mostly on open accounts and principally settled through bank transfer in renminbi with the final installment being payable upon delivery or passing of warranty period.
Warranty:	A free 12-month to 36-month warranty period would generally be offered to us.
Termination:	In some cases, we are entitled to terminate our contracts if our suppliers (i) fail to meet our requirements to the products; (ii) fail to pass our quality inspection tests; and/or (iii) continuously fail to deliver the products on time.
Product liability:	In general, suppliers are responsible for the product liability of the supplies.

In general, our suppliers have their own repair and replacement policies regarding the products supplied. During the Track Record Period, we had received small amount of defectives. However, it did not materially affect our businesses as we can replace the defective products to them during the warranty period. As to the suppliers who fail to meet our requirements of quality and specification, we will downgrade them in our supplier list, reduce the payable to them and/or claim against them according to the contract terms.

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During the Track Record Period, there was no material shortage of the raw material supplied by our raw material suppliers of our Group. We had experienced delay in delivery of our raw materials from a supplier once during the Track Record Period. Eventually, the matter was negotiated and resolved amicably. Our Directors confirm that the incident did not lead to delay in delivery of our products to our own customer, thus there was no material and adverse impact on us. The incident was an individual case and our other suppliers' overall delivery record has been satisfactory, thus the counterparty risk due to breach of contracts by our suppliers is limited. Our Directors confirm that, during the Track Record Period, our Group (i) did not have material dispute with our suppliers or compensation claimed by our suppliers; (ii) did not materially breach the agreements; and (iii) did not receive material claims or complaints from customers regarding the processed finished goods from suppliers.

Long-term agreements

During the Track Record period, we have signed one material long-term agreement (with a contract period of more than 1 year and contract sum of more than RMB10 million) with legally binding terms and conditions set out as follows:

(a) *The sub-system construction agreement entered in August 2016*

Duration:	1 year and 8 months (from 15 April 2016 to 15 December 2017)
Service scope:	For the construction of a sub-system for the intelligent traffic control centre for the Intelligent Traffic Control Project in Ürümqi, Xinjiang.
Contract sum:	Approximately RMB 50 million
Payment terms:	The contract sum shall be paid in installments. The first installment was in the amount of 30% of the contract sum. The balance of the contract sum (save for the retention money) shall be paid regularly every month by reference to the proportion of the work performed by the counterparty in accordance with the agreement to the work.
Price adjustment:	The contract sum shall be subject to adjustment based on pre-determined formulae in connection with the prevailing market price and costs or in the event of material legal change.
Retention money:	5% of the contract sum shall be withheld as retention money, and the retention money shall be released within 7 days after the issue of the certificate of expiry of the defect liability period.
Warranty:	The agreement provides for a defect liability period of 24 months after completion.

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Insurance: We are responsible for maintaining all-risk insurance for the construction work and work injury compensation insurance or installation work injury compensation insurance for our employees in the course of performing our obligations under the agreement, and other accident compensation insurance in accordance with the law.

Termination: The agreement provides that we may terminate the contract if the counterparty unequivocally expresses the intention not to perform the agreement or the counterparty fails to remedy any of their breach(es) of the agreement within a reasonable time.

Our major suppliers

The following table sets out our five largest suppliers based on our total purchases or services received attributable to them during the Track Record Period:

For the year ended 31 March 2015:

Our supplier	Principal business activities	Goods or services provided	Approximate total purchases or services received (RMB'000)	Approximate percentage of our total purchase	Approximate year(s) of relationship with our Group
Supplier A	Manufacturing of intelligent power meter	Raw materials	2,654	45.0%	5
Supplier B	Manufacturing and sales of inactive RFID tags	Raw materials	486	8.2%	4
Supplier C	Sales of IC card chips and batteries	Raw materials	311	5.3%	4
Supplier D	Manufacturing of Plastic mould and plastic shell	Raw materials	277	4.7%	4
Supplier E	R&D and sales of GSM and GPS modules	Raw materials	256	4.3%	7
Total			3,984	67.5%	

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For the year ended 31 March 2016

Our supplier	Principal business activities	Goods or services provided	Approximate total purchases or services received (RMB'000)	Approximate percentage of our total purchase	Approximate year(s) of relationship with our Group
Supplier F	Manufacturing of electronic tag modules and system integration	Raw materials	4,459	34.7%	3
Supplier G	Sales of IC card chips and electronic tag modules	Raw materials	4,318	33.6%	3
Supplier B	Manufacturing and sales of inactive RFID tags	Raw materials	1,437	11.2%	4
Supplier H	R&D and production of mobile handheld terminals	Raw materials	502	3.9%	4
Supplier I	Manufacturing of plastic products	Raw materials	336	2.6%	5
Total			11,052	86.0%	

For the year ended 31 March 2017:

Our supplier	Principal business activities	Goods or services provided	Approximate total purchases or services received (RMB'000)	Approximate percentage of our total purchase	Approximate year(s) of relationship with our Group
Supplier J	Manufacturing of monitoring equipment and apparatus	Raw materials	11,134	28.1%	3
Supplier K	Technology promotion and services, exhibition stage lighting	Raw materials	10,888	27.4%	3
Supplier L	Electronic products processing manufacturing	Product processing and assembly services	9,757	24.6%	5
Supplier G	Sales of IC card chips and electronic tag modules	Raw materials	2,844	7.1%	3
Supplier F	Manufacturing of electronic tag modules and system integration	Raw materials	2,526	6.4%	3
Total			37,149	93.6%	

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For the four months ended 31 July 2017:

Our supplier	Principal business activities	Goods or services provided	Approximate total purchases or services received (RMB'000)	Approximate percentage of our total purchase	Approximate year(s) of relationship with our Group
Supplier K	Technology promotion and services, exhibition stage lighting	Raw materials	12,412	35.4%	3
Supplier M	Operation and installation of telecommunication system	Product processing and assembly services	11,456	32.7%	1
Supplier N	Manufacturing of optical fibre equipment	Raw materials	2,907	8.3%	2
Supplier L	Electronic products processing manufacturing	Product processing and assembly services	2,119	6.0%	5
Supplier O	Manufacturing of controller equipment apparatus	Raw materials	1,999	5.7%	3
Total			30,893	88.1%	

Our Directors confirmed that none of our Directors, their respective associates or any Shareholder (who or which to the best knowledge of our Directors, owns more than 5% of our issued share capital as at the Latest Practicable Date), has or had any interest in any of our five largest suppliers for the three years ended 31 March 2017 and the four months ended 31 July 2017. None of our suppliers was our customer during the Track Record Period.

Supplier concentration

It is noted that for the three years ended 31 March 2017 and the four months ended 31 July 2017, purchases from our five largest suppliers accounted for approximately 67.5%, 86.0%, 93.6% and 88.1% of the total purchases, and the purchases from our single largest supplier of the corresponding period accounted for approximately 45.0%, 34.7%, 28.1% and 35.4% of our total purchase for each of the three years ended 31 March 2017 and the four months ended 31 July 2017.

Our Directors' view

Despite the aforesaid figures during the Track Record Period suggest supplier concentration, our Directors are of the view that the risk relating to the supplier concentration can be controlled and that it would not impact our Group's suitability for the Listing based on the following reasons:

(a) Industry landscape and business nature

Due to the nature of the high and new technology industry and our businesses primarily being project-based, it is common to procure raw materials from a single supplier, engage a single third-party manufacturer or cooperate with a single cooperative partner for the entirety of the project to

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ensure consistency in quality of the supplies. It is not uncommon for a single project, in particular those large-scaled projects, to have a large contract sum such that one large-scaled project can contribute to a substantial amount of our cost of sales during the project period. Therefore, the relevant supplier, third-party manufacturer or cooperative partner engaged for a large-scaled project may easily become our largest supplier for the project duration.

Nonetheless, we did not rely on a specific supplier as evident from the fact that none of our suppliers remained as our five largest suppliers throughout the Track Record Period. Also, the single largest supplier for each of the three years ended 31 March 2017 and the four months ended 31 July 2017 were all different with the ratio of purchases made from them dropping in each relevant period during the Track Record Period.

Moreover, there were in total 15 different suppliers ranked on our top-five suppliers lists during the Track Record Period. For the three years ended 31 March 2017 and the four months ended 31 July 2017, we had purchased from over 80 suppliers for procuring raw materials.

(b) Flexibility in sourcing from other suppliers and expanding supplier base

Our Group does not enter into any long-term supply agreements with its suppliers. Instead, our Group generally places purchase orders with its suppliers on an order-by-order basis. Our Directors consider that this practice is in line with the industry norm and our Group would maintain flexibility in supplier selection.

Our Group maintains flexibility in supplier selection since we have numerous approved suppliers on our supplier list and we have implemented measures in the selection of suppliers and control over the suppliers. In the event that a supplier ceases to supply to our Group, our Group could select approved suppliers from the list as replacement to prevent disruption to our supplies and ensure the quality thereof.

Also, while our Group endeavours to maintain the established business relationships with its existing suppliers, our Directors also recognise the importance of expanding its supplier base with a view to sustaining long-term growth. Our Directors believe that there are many alternative suppliers available in the market which can supply products at comparable market prices and qualities and that our Group should not have any difficulty in purchasing from alternative suppliers. Our Group will continue to identify and approach suitable suppliers to expand its supplier base as well as to cope with our Group's expansion plan.

MARKET COMPETITION

According to the F&S Report, the markets relevant to the IoT intelligent terminal product application and solutions services industry include (i) the PRC active RFID devices market; (ii) the RFID application in gas cylinder supervision market; (iii) the technical service in safety production market and (iv) the PRC "Smart City" market. Generally, the key players in these markets are medium to large-sized companies.

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We face competition mainly on (i) the level of advanced and comprehensive technology; (ii) strong production capacity; (iii) track record; (iv) good reputation; (v) project management experience and (vi) system maintenance capability. Our Directors believe that we will maintain our competitiveness over other competitors by strengthening and further developing our competitive strengths. Our competitive strengths include the following:

- we have strong R&D capabilities and technologies;
- we are dedicated in providing comprehensive, integrated and customisable IoT products and services;
- we have an experienced and dedicated management team;
- we have a proven track record and a solid prominent position in the city public safety management sector; and
- we maintain high standards of quality control.

For further analysis of our industry and related markets and details of our competitive strengths, please refer to the sections headed “Industry overview” and “Business — Our competitive strengths” in this prospectus.

INVENTORY MANAGEMENT

Our inventories primarily consist of raw materials and finished products. Once a purchase order has been confirmed and approved, all data of that order such as quantity, production specification and delivery date will be kept in record. Due to the large variety of raw materials that we purchase and the rapidly changing technology, we generally only keep a limited level of inventory and only place orders with suppliers upon confirmation of orders from customers on a back-to-back basis. During the Track Record Period, the total amount of inventories was approximately RMB3.0 million, RMB2.2 million, RMB1.6 million and RMB1.3 million respectively.

We have implemented the following inventory management procedures to monitor our inventories:

- (a) we conduct inventory inspection of supplies at our warehouse every time we receive deliveries from our suppliers to ensure that the raw materials are in accordance with our purchase order in respect of volume, specification and quality standards. The deliveries would be taken to our pre-inspection area, and if the goods delivered are not in accordance with our purchase order, we would inform our procurement team to arrange for the return of the goods;
- (b) all finished products must undergo quality control and inspection with the findings recorded before they can be stored into our warehouse; and
- (c) all deliveries of finished products must follow the first-in-first-out principals for arranging shipment. For each delivery, a delivery order would be issued and recorded.

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For the three years ended 31 March 2017 and the four months ended 31 July 2017, our average inventory turnover days were approximately 67 days, 41 days, 14 days and 5 days respectively. For further details, please refer to section headed “Financial Information — Analysis of selected items from the combined statements of financial position — Inventories” in this prospectus.

QUALITY CONTROL

We have in place a quality management system which includes guidelines for documenting work performed and reviewed by the quality control department in different stages of a project. Our quality control department strictly follows the ISO9001:2008 to implement stringent quality assurance systems designed to consistently ensure our products with high quality. We conduct quality assurance procedures at various stages.

The procedures of quality assurance of hardware include:

(a) Raw materials procurement

The quality control of all incoming materials would be taken by our quality control department, all raw materials sourced from suppliers are examined and tested with regard to the projects. For all failed or defective materials, we are entitled to reject the acceptance of them and return back to the suppliers. If the materials repeatedly fail to meet our standard, we will make a prompt evaluation and re-assessment on the suppliers and take corresponding actions. In addition, the quality of our raw materials is safeguarded by the pre-procurement evaluation of our suppliers. Please refer to the paragraph headed “Our suppliers” in this section for further details.

(b) Control over production process and third-party manufacturers

Our quality control department would carry out In Process Quality Control and Manufacturing Quality Control to inspect the production process or the implementation work of the system provided by third-party manufacturers in order to ensure the quality of our products meet our requirement with respect to the materials, facilities operation and utilisation as well as the environmental conditions, etc. We will carry out Final Quality Control for final stage inspection.

(c) Quality inspection over finished products.

The finished products have undergone quality assurance procedures. Any defective products are detected, whole batch of products will be assessed by our quality control department, where those defective products will be returned to the raw material suppliers or third-party manufacturers.

(d) Quality inspection over facilities and equipment

Inspection, test and maintenance are carried out over measurement equipment and facilities. The procurement of the equipment follows stringent policy to ensure the quality of the facilities and equipment.

Apart from hardware, we also apply quality standard and quality control procedures for software products. Implementation of quality control measures for the R&D projects, in order to ensure the procedures and products of those R&D projects satisfying the corresponding requirements and enhancing

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the quality of software products. Based on the requirement on quality and target condition of the project, we carry out stage review, regular inspection, irregular spot checks on designation of systems and development. System test would be carried out when we establish the systems, in order to detect any errors when tracking the actual results compared with the expected results under the execution of program test. As such, the requirements of each customer are assured to be achieved and every product standards and requirements can be kept consistent.

Once a project is commenced, our project managers will closely monitor the progress and budget of the project to ensure that it meets our customers' requirements and will have completed within the time scheduled. The project manager and the implementation team communicate regularly with our senior management to report the schedule and the work done of the project. Our implementation team also holds regular project meetings with our customers to assess and review the progress and to identify and resolve any problems or issues which may arise during the course of our services. All the quality control tests are conducted by our staff.

As at the Latest Practicable Date, we had 5 staff in our quality control department. Certain senior members of our quality control team have more than 10 years experience in quality control and technology-related industries. During the Track Record Period, we were not subject to any significant administrative penalties as a result of violation of application product quality and technical supervision laws and regulations.

EMPLOYEES

As at the Latest Practicable Date, we had a total of 146 employees. The breakdown of our employees by functions is set forth below:

Employees by functions	Number of employees	Approximate % of total
Project implementation and maintenance	62	42.5%
R&D and quality control	33	22.6%
Administration	14	9.6%
Management	11	7.5%
Operations	10	6.8%
Sales and marketing	7	4.9%
Finance and accounting	5	3.4%
Project management	4	2.7%
Total	146	100%

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The breakdown of our employees by locations up to the Latest Practicable Date is set forth below:

Locations	Number of employees	Approximate % of total
Shenzhen	72	48.3%
Guangdong Province (excluding Shenzhen)	54	36.1%
Xinjiang	10	8.8%
Hong Kong	10	6.8%
Total	146	100%

For the three years ended 31 March 2017 and the four months ended 31 July 2017, we incurred staff costs of approximately RMB10.4 million, RMB9.7 million, RMB13.4 million and RMB4.9 million respectively.

Employee training and regular assessment

We entered into labour contracts with our employees in accordance with the applicable labour laws of the PRC. Through on-job training and education to employees, our employees' loyalty and our Group's overall efficiency is promoted. By attending training courses on a regular basis, our employees get familiar with the requirements of their job duties and acquire the latest technical knowledge. New employees are provided with a specialised training programme in order to promote uniformity and ensure the quality standard. In addition, we assess our employees' capability on a monthly basis for those working in maintenance field and to make sure they follow our guideline and safety issues. We confirmed that we have not appointed any employment agents during the Track Record Period.

Staff benefits

In compliance with applicable statutory requirements in the PRC and existing requirements of the local government in the PRC, our Group participates in social security programs for our employees. Such social insurance included basic pension insurance, basic medical insurance, maternity insurance, unemployment insurance and occupational injury insurance. We buy personal accident insurance for our employees on project basis. During the Track Record Period and up to the Latest Practicable Date, our Group had been involved in certain non-compliance incidents relating to labour and social welfare laws and regulations in the PRC. For further details, please refer to the paragraph headed "Legal proceedings and regulatory compliance — Other non-compliance incidents" in this section.

Our Directors believe that we have maintained good working relationships with our employees. We had not set up any labour union for our staff and had not experienced any labour disputes nor did we experience any difficulties in the recruitment and retaining of experienced or skilled staff that would have a material impact on our business, financial condition or results of operations during the Track Record Period and up to the Latest Practicable Date.

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INSURANCE

We maintain social welfare insurance in accordance with relevant PRC law and regulations. We purchase the personal accident insurance for personnel carrying our installation and maintenance work for customers on site. We also buy vehicle insurance. Directors believe that the insurance coverage is adequate to protect us from the material risks to our businesses in considering the business scale and type. However, in the event of natural disasters, war or other accidents causing material uninsured damage to our assets, our business operation results will be materially and adversely affected. Please refer to the section headed “Risk factors — Our insurance may not cover every potential loss and claim” in this prospectus for other information of the relevant risks to our policy insurance.

We do not carry any third-party liability insurance to cover claims in respect of personal injury, property or environmental damages arising from accidents on our properties or relating to our operations, nor do we carry any business interruption insurance. We and our subsidiaries do not carry product and/or service liability insurance for any of our products and/or services. Such insurance policies are not mandatory according to PRC laws and regulations, and would impose additional costs on our operations, which would in turn reduce our competitiveness. Moreover, we are yet to be able to identify an insurer to offer insurance cover for our products and services due to their complex nature. To reduce our risk of product and/or service liability, we have adopted quality control measures to avoid or reduce the product and/or system defects. For the details of the quality control system, please refer to the paragraph headed “Quality control” in this section. Please also refer to the section headed “Risk factors” in this prospectus for its risks. We believe that our current insurance coverage is in line with the industry practice. We will continue to review and assess our risk portfolio, and make necessary and appropriate adjustments to our insurance coverage in line with our needs and industry practice in the PRC. During the Track Record Period and as at the Latest Practicable Date, we had not received any material claims from our customers in respect of any of our products.

INFORMATION SYSTEM

We have implemented the following IT management systems for the operation of our business:

- (a) office automation system — a self-developed office daily operations platform, with functions covering item approval, administrative management, asset management, documentation management and archive management, etc.;
- (b) T6-Company Management Software System — an enterprise resource planning (ERP) software, with functions covering financial management, procurement management, sales management, third-party manufacturing management and inventory management, etc.;
- (c) R&D management system — a self-developed R&D work management platform, with functions covering R&D project management, coding management, trial management, database management, etc.; and
- (d) maintenance management system — a self-developed integrated management system designed for our system maintenance services operations, with functions including maintenance record management, maintenance equipment management, equipment repair management, component inventory management, assessment of our maintenance performance and statistical analysis, etc.

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For the three years ended 31 March 2017 and the four months ended 31 July 2017, we incurred approximately RMB97,000, RMB45,000, RMB285,000 and RMB26,000 respectively, on capital expenditure on our office equipment. As confirmed by our Directors, there had been no unexpected system or network failure which caused material interruption to our operations during the Track Record Period.

HEALTH, OCCUPATIONAL SAFETY AND ENVIRONMENTAL MATTERS

We place emphasis on occupational health and work safety during the delivery of our services and have adopted a preventive approach with an emphasis on hazard management and risk assessment. To achieve this, we have established safety plans and in-house rules to provide our staff with a safe and healthy working environment by specifying various safety measures. As advised by our PRC Legal Advisers, the relevant PRC laws and regulations in relation to safety production generally are not applicable to us considering the scope and nature of our principal businesses. Nevertheless, we have an occupational safety management system for the purpose of risk identification and have adopted a code of practice in relation to enforcing fire safety and production and operation safety for staff to comply with in reporting and handling accidents.

We do not operate in a highly-polluting industry, and our production processes primarily involve system integration, design and sales and intelligent interterminal products and software development. As advised by our PRC Legal Advisers, the relevant PRC laws and regulations in relation to environmental protection are generally not applicable to us considering the scope and nature of our principal businesses. However, we regard environmental protection as an important corporate responsibility, and have taken measures to facilitate the environmental-friendliness of our workplace by encouraging, among other things, an energy-saving culture within our Group.

During the Track Record Period, we had not experienced any significant workplace accident or encountered any material non-compliance issues with respect to any applicable laws and regulations on safety or any material complaints from our customers or the public with respect to safety and health issues due to the use of, or any incidents arising from the use of our products; and we have not been subject to any material fine, claim or administrative penalties arising from non-compliance with applicable environmental laws, rules and regulations during the Track Record Period and up to the Latest Practicable Date. Since 2017, we have been awarded the GB/T 28001-2011 Occupational Health and Safety Management System Certificate and the ISO14001:2015 Environmental Management System Certificate in recognition of our standards in upholding occupational health and safety and environmental management.

INTELLECTUAL PROPERTY

We rely on a combination of patents and trademark registrations, non-competition and trade secret laws and confidentiality agreements signed with our employees to protect our intellectual property rights. As of the Latest Practicable Date, we had 16 registered trademarks, 17 registered patents and 26 registered computer software copyrights.

We have entered into confidentiality agreements with our research and development personnel, pursuant to which they undertake to strictly comply with internal rules, protect and not to disclose any trade secret.

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We have not been involved in any litigation or legal proceedings for infringement of intellectual property rights, nor have we committed any serious infringement of the same. Details of our intellectual property rights are set out in “Appendix V — Statutory and general information — 2. Our intellectual property rights” to this prospectus.

Save as the above, as at the Latest Practicable Date, we did not have any material intellectual property rights (whether registered or pending registration) that are significant to our business operations or financial position.

Our Directors confirmed that, as at the Latest Practicable Date, our Company had complied with the relevant regulations and law and we were not aware of any infringement (i) by us of any intellectual property rights owned by any third party; or (ii) by any third party of any intellectual property rights owned by us. During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors after having made all reasonable enquiries, we did not infringe or were not alleged to infringe any intellectual property rights owned by third parties and we had not been subject to any material intellectual property claims against us or involved in any material intellectual property dispute.

PROPERTIES

Owned property

As at the Latest Practicable Date, we owned 8 office units in Shenzhen, the PRC, located at 8th Floor, Yonghui Building of Guoqi Mansion, No. 1002 of Shangbu South Road, Futian District, Shenzhen City, Guangdong Province, the PRC (深圳國企大廈永輝樓8層) (the “**Yonghui Property**”). The property is rented to various third parties for office purpose and has a gross floor area of approximately of 732.76 sq.m.. The land use right has been granted for apartment office use for a term of 50 years from 8 November 1992 to 7 November 2042.

Leased property

As at the Latest Practicable Date, our principal place of business in Hong Kong is located at Office 1623, 16th Floor, Argyle Centre Phase I, 688 Nathan Road, Mong Kok, Kowloon, Hong Kong, which was one property leased from EMax (which is owned by Ms. Ho as to 1% and Gee Fung (which is owned by Mr. Lai and Ms. Ho as to 99.99% and 0.01%) as to 99%). Please refer to the section headed “Connected transactions — Exempt continuing connected transactions — The tenancy agreement with EMax” for details of such lease agreement. The leased property is subject to both the mortgage and the second legal charge, pursuant to which consent of the relevant lenders is required to be obtained for the landlord’s letting of the property to our Group. In case of failure of the landlord as borrower to obtain such consent, the relevant lender(s) is/are entitled to exercise its/their power to enter into and take possession of the leased property, where we may be required to vacate the property and relocate our principal place of business in Hong Kong. Nevertheless, our Directors do not foresee any significant difficulties in locating new premises as our principal place of business in Hong Kong and do not expect any disruption in the operations of our Group. Pursuant to the tenancy agreement, EMax shall keep us indemnified from and against any loss and damages resulting from its failure to obtain the said consent from the lender(s) and all incidental costs and expenses.

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As at the Latest Practicable Date, our Group leased a property with a gross floor area of approximately 2,186 sq.m. as our headquarters in the PRC from an Independent Third Party, located at Floor 04, Block C, Unis Inforport, Langshan Rd13, Hi-Tech Industrial Park (North), Nanshan, Shenzhen, China for a term commencing from 1 February 2014 and ending on 31 January 2016 (both days inclusive). The tenancy was renewed on 13 December 2015, for a term of 2 years commencing on 1 February 2016 and ending on 31 January 2018 (both days inclusive). During the period from October 2014 to May 2017, a gross floor area of 1,093 sq.ft had been occupied by Che Jia pursuant to an office rent-sharing agreement between our Group and Che Jia. Such office-rent sharing arrangement has been terminated in May 2017.

As at the Latest Practicable Date, our Group also leased a property with a gross floor area of approximately 47.5 sq.m. from an Independent Third Party, located at Room 1102, Hongyun Building, 41(1) Youhao Road North, Shayibake District, Ürümqi, Xinjiang, PRC for office use with a term commencing from 20 November 2017 and ending on 19 November 2018 (both days inclusive).

Pursuant to the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), registration of leases is required and a fine will be imposed on the parties to a lease for the failure to register a lease. The fine will range from RMB1,000 to RMB10,000 for each non-registered lease. As at the Latest Practicable Date, our lease for our PRC headquarters and our lease with the relevant landlord of our leased property in Xinjiang are yet to be registered with the relevant governmental authorities. As advised by our PRC Legal Advisers, the lack of registration of a lease will not affect its validity and our interest in the aforesaid lease arrangements.

The valuation report of the Yonghui Property is set out in Appendix IIIA to this prospectus. As at the Latest Practicable Date, save as the Yonghui Property, we had no other single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01B of the Listing Rules to include in this prospectus any valuation report on any property other than the Yonghui Property.

Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (WUMP) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (WUMP) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

RISK MANAGEMENT AND CORPORATE GOVERNANCE

Certain risks relating to our operation, details of which are set out in the section headed “Risk Factors — Risks relating to our business” in this prospectus, have been identified by our management. Risk management policies codifying in risk assessment process, risk impact scale and risk management process have accordingly been adopted by us to identify, evaluate and manage risks arising from our operations.

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To monitor the on-going implementation of our risk management policies and corporate governance measures after the Listing, we have adopted or will adopt, among other things, the following corporate governance issues:

- (a) we have appointed three independent non-executive Directors to ensure the effective exercise of independent judgment on its decision making process and provide independent advice to our Board and Shareholders;
- (b) our Directors had attended training sessions conducted by the Hong Kong legal advisers of our Company in April 2017 on the on-going obligations and duties of directors of a listed company, including among others, sessions on connected transactions, codes of corporate governance, dealing in securities, disclosure of inside information and notifiable transactions;
- (c) an audit committee has been established to review the internal control systems and procedures for compliance with the requirements of the Listing Rules;
- (d) we have appointed Innovax Capital as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines and to advise on compliance matters in accordance with the Listing Rules; and
- (e) the formulation of whistleblowing policies providing employees with direct access to the audit committee or the Board in case of any suspected, potential or actual non-compliance incidents.

LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

Legal proceedings

Our Directors confirm that, to their best knowledge after making all reasonable enquiries, there was no litigation or arbitration proceeding pending or threatened against us or any of our Directors which would have a material adverse effect on our operations, financial condition, operating results or reputation during the Track Record Period and up to the Latest Practicable Date.

Non-compliant letter of credit financing

Overview

During the period from August 2014 to May 2016, our wholly-owned PRC subsidiary, IBO Shenzhen, entered into four letter of credit financing arrangements (the “**LC Financing Arrangements**”) with a commercial bank (the “**LC Issuing Bank**”) in the PRC. The LC Financing Arrangements required the provision of personal guarantees and collateral as security from our Controlling Shareholder Mr. Lai. The letters of credit issued were to settle certain contracts for sale and purchase of goods (collectively the “**SPAs**” and each a “**SPA**”) entered into between IBO Shenzhen and a supplier, which were not backed by actual underlying transactions.

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As confirmed by our Directors, the reason for the LC Financing Arrangements was that Mr. Lai initially intended to obtain from the LC Issuing Bank a personal loan in his own capacity at the onset, yet upon the suggestion of the LC Issuing Bank, the LC Financing Arrangements were eventually made in the capacity of IBO Shenzhen to take advantage of a higher credit limit of the loan facility advanced from the LC Issuing Bank.

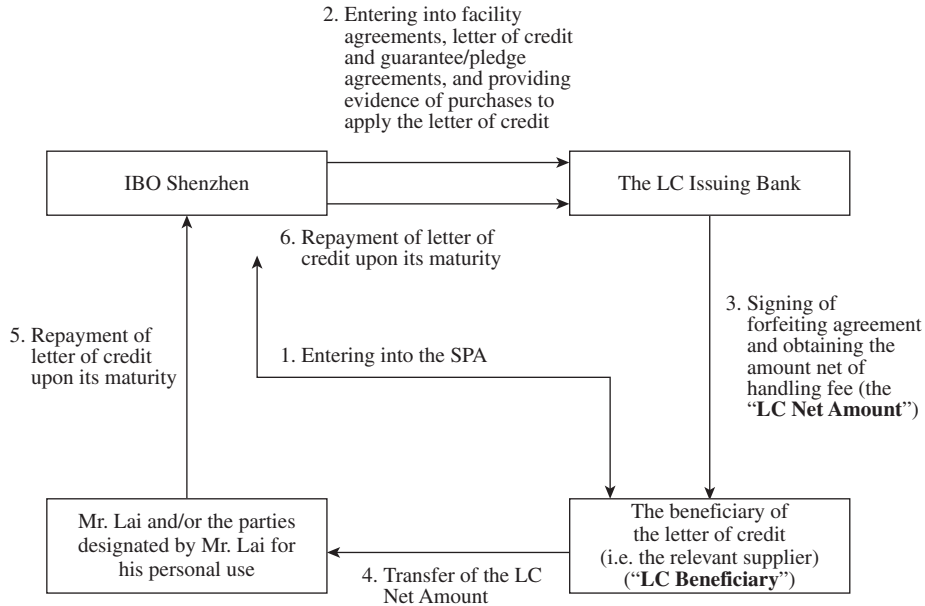
Our PRC legal advisers in respect of the LC Financing Arrangements advised that the LC Financing Arrangements which were not backed by actual underlying transactions were not in compliance with the Measures for Settlement of Domestic Letter of Credit (2016) 《國內信用證結算辦法 (2016版)》 which requires the issuance and transfer of a credit shall be based on genuine commercial transactions.

Particulars of each of the letters of credit are set out in the following table:

<u>Subject letter of credit</u>	<u>Date of entering the relevant SPA</u>	<u>Beneficiary of the letter of credit</u>	<u>Issuance date of letter of credit</u>	<u>Maturity date of letter of credit</u>	<u>Repayment date</u>	<u>Total amount of the letter of credit</u> <i>(RMB'000)</i>	<u>Security/collateral provided</u>	<u>Letter of credit fully secured</u>
Letter of credit no. 1	10 August 2014	Supplier 1	11 September 2014	10 March 2015	10 March 2015	26,000	(1) Personal guarantee of Mr. Lai (2) Pledge of Mr. Lai's personal property (3) Charge over Mr. Lai's personal cash deposits	Yes
Letter of credit no. 2	23 January 2015	Supplier 1	10 March 2015	10 September 2015	6 September 2015	26,000	(1) Personal guarantee of Mr. Lai (2) Pledge of Mr. Lai's personal property (3) Charge over Mr. Lai's personal cash deposits	Yes
Letter of credit no. 3	21 August 2015	Supplier 2	16 September 2015	16 March 2016	15 March 2016	26,000	(1) Personal guarantee of Mr. Lai (2) Pledge of Mr. Lai's personal property (3) Charge over IBO Shenzhen's deposit margin	Yes
Letter of credit no. 4	25 February 2016	Supplier 3	16 March 2016	16 September 2016	The amount to be repaid had been deposited into the LC Issuing Bank's account as marginal deposits before 25 May 2016	26,000	(1) Personal guarantee of Mr. Lai (2) Pledge of Mr. Lai's personal property (3) Charge over IBO Shenzhen's deposit margin	Yes

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The following diagram illustrates the process involved in the non-compliant LC Financing Arrangements:



Upon the presentation of value-added tax invoices and goods receipts notes in relation to the relevant SPA by IBO Shenzhen, the LC Issuing Bank would issue a letter of credit to IBO Shenzhen, which would be handed over to the LC Beneficiary. When the LC Beneficiary presents the letter of credit to the LC Issuing Bank and signs a forfeiting agreement, the LC Issuing Bank would then release the LC Net Amount to the LC Beneficiary. The LC Beneficiary would then further remit the LC Net Amount to Mr. Lai and/or other parties designated by him for his personal use. Upon the maturity of the subject letter of credit, Mr. Lai and/or other parties designated by him would borrow money from a micro-financing company for the settlement of the said letter of credit. All amounts under the letters of credit had been timely repaid, with all LC Financing Arrangements settled on 25 May 2016.

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The following table sets out the key financial information in respect of the non-compliant LC Financing Arrangements:

	For the year ended 31 March/ As at 31 March			For the four months ended/ As at
	2015	2016	2017	31 July 2017
	Year end balance of outstanding non-compliant letters of credit (<i>RMB'000</i>)	26,000	26,000	—
Interest expenses for LC Financing Arrangements (<i>RMB'000</i>)	698	1,310	489	—
Year end balance of amount due from Mr. Lai and/or other parties designated by him in relation to the LC Financing Arrangements (<i>RMB'000</i>)	26,000	26,000	—	—
Interest income received on the amount due from Mr. Lai and/or other parties designated by him in relation to the LC Financing Arrangements (<i>RMB'000</i>) ^(Note 1)	737	1,384	521	—

Note:

1. The amount also included business tax and surcharges arising from the interest income.

Applicable laws and regulations

According to the Article 195 of Criminal Law of the PRC (《中華人民共和國刑法》第一百九十五條), whoever commits fraud by means of a letter of credit in any of the following ways:

- (a) using a forged or altered letter of credit or any of its attached bills or documents;
- (b) using an invalidated letter of credit;
- (c) fraudulently obtaining a letter of credit; or
- (d) in any other ways,

shall be sentenced to fixed-term imprisonment of not more than 5 years or criminal detention and shall also be fined not less than RMB20,000 but not more than RMB200,000; if the amount involved is huge, or if there are other serious circumstances, he shall be sentenced to fixed-term imprisonment of not less than five years but not more than 10 years and shall also be fined not less than RMB50,000 but not more than RMB500,000; if the amount involved is especially huge, or if there are other especially serious

circumstances, he shall be sentenced to fixed-term imprisonment of not less than 10 years or life imprisonment and shall also be fined not less than RMB50,000 but not more than RMB500,000 or be sentenced to confiscation of property.

According to Article 200 of Criminal Law of the PRC (《中華人民共和國刑法》第二百條), where a unit commits the crime mentioned in Article 195, it shall be fined, and the persons who are directly in charge and the other persons who are directly responsible for the crime shall be sentenced to fixed-term imprisonment of not more than 5 years or criminal detention; if the amount involved is huge, or if there are other serious circumstances, they shall be sentenced to fixed-term imprisonment of not less than 5 years but not more than 10 years; if the amount involved is especially huge, or if there are other especially serious circumstances, they shall be sentenced to fixed-term imprisonment of not less than 10 years or life imprisonment.

According to subsection 1 of Article 175 of Criminal Law of the PRC (《中華人民共和國刑法》第一百七十五條之一), whoever obtains loans, bills, letters of credit and guarantees, etc. from banks or other financial institutions through fraudulent means, and causes material losses to the bank or other financial institution or other serious circumstances, he shall be sentenced to fixed-term imprisonment of not less than three years but not more than seven years and shall also be fined.

According to Article 193 of Criminal Law of the PRC (《中華人民共和國刑法》第一百九十三條), whoever commits any acts of (i) inventing false reasons for obtaining funds, projects, etc. from abroad; (ii) using a false economic contract; (iii) using a false supporting document; (iv) using a false property right certificate as guaranty or repeatedly using the same mortgaged property as guaranty in excess of its value; or (v) defrauding loans by any other means, to defraud a bank or any other financial institution of loans for the purpose of illegal possession shall, if the amount involved is relatively large, be sentenced to fixed-term imprisonment of not more than 5 years or criminal detention and shall also be fined not less than RMB20,000 but not more than RMB200,000; if the amount involved is huge, or if there are other serious circumstances, he shall be sentenced to fixed-term imprisonment of not less than five years but not more than 10 years and shall also be fined not less than RMB50,000 but not more than RMB500,000; if the amount involved is especially huge, or if there are other especially serious circumstances, he shall be sentenced to fixed-term imprisonment of not less than 10 years or life imprisonment and shall also be fined not less than RMB50,000 but not more than RMB500,000 or be sentenced to confiscation of property.

Confirmations from Shenzhen PBOC and Shenzhen CBRC

According to our PRC legal adviser in respect of the LC Financing Arrangements, Shenzhen branch of the People's Bank of China (中國人民銀行深圳市中心支行) (“**Shenzhen PBOC**”) and Shenzhen office of China Banking Regulatory Commission (中國銀行業監督管理委員會深圳監管局) (“**Shenzhen CBRC**”) are the relevant and competent regulatory authorities for domestic letters of credit financing activities in Shenzhen.

Our PRC legal adviser in respect of the LC Financing Arrangements has conducted interviews with Shenzhen PBOC and Shenzhen CBRC on 27 February 2017 and the LC Issuing Bank on 28 February 2017.

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Officials from Shenzhen PBOC and Shenzhen CBRC respectively indicated in the interviews that the LC Financing Arrangements were common market practices, and verbally confirmed that it had not imposed, and will not impose, any administrative penalties or other punitive measures against IBO Shenzhen, its shareholders, directors, senior management and other direct responsible personnel in connection with the LC Financing Arrangements.

Our PRC legal adviser in respect of the LC Financing Arrangements is of the view that Shenzhen PBOC and Shenzhen CBRC are the appropriate and competent authority having jurisdiction in relation to domestic letter of credit arrangements in the PRC on the following basis:

- (a) PBOC and CBRC are the Promulgating Institution of the Measures for settlement of Domestic Letter of Credit (2016) 《國內信用證結算辦法(2016版)》 (the “**Measure**”) and PBOC and CBRC are entitled to interpret the Measure;
- (b) Shenzhen PBOC is the branch of PBOC in Shenzhen and Shenzhen CBRC is agency of CBRC in Shenzhen; and
- (c) Officials from Shenzhen PBOC and Shenzhen CBRC verbally confirmed that Shenzhen PBOC and Shenzhen CBRC are the competent regulatory authorities for domestic letters of credit financing activities in Shenzhen.

Our PRC legal adviser in respect of the LC Financing Arrangements further advises that it is not necessary to arrange interviews with higher regulatory authorities for domestic letter of credit financing activities.

Confirmations from the LC Issuing Bank

Whereas the principal from the LC Issuing Bank confirmed in the interview that (i) the LC Financing Arrangements were common market practices; (ii) all the letters of credit had been fully settled; (iii) the LC Financing Arrangements did not involve any fraud, bribery or other illegal activities and the LC Issuing Bank had not sustained any loss from the LC Financing Arrangements; (iv) the reason for its suggestion to Mr. Lai regarding financing through the LC Financing Arrangements was solely to facilitate Mr. Lai to benefit from a higher credit limit; (v) there had been no current or potential disputes in relation to the LC Financing Arrangements; and (vi) it would not take any legal action against our Directors and employees of IBO Shenzhen and any relevant parties in connection with the LC Financing Arrangements.

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No fraud, bribery or other illegal activities involved in our Group's non-compliant letter of credit financing arrangements

Our PRC legal adviser in respect of the LC Financing Arrangements is of the view that the non-compliant LC Financing Arrangements did not constitute any fraudulent activity, and that there would be no risk of criminal liability being imposed on IBO Shenzhen, its shareholders, directors, senior management and other directly responsible personnel, on the following bases:

- the LC Financing Arrangements were merely made as an expediency for financing, where IBO Shenzhen, its shareholders, directors, senior management and other direct responsible personnel did not have the intention to carry out any fraudulent acts against the beneficiary of the letters of credit and the LC Issuing Bank;
- based on inspection by our PRC legal adviser in respect of the LC Financing Arrangements, IBO Shenzhen and Mr. Lai had provided sufficient security, and hence IBO Shenzhen, its shareholders, directors, senior management and other direct responsible personnel did not have the intention to defraud bank loans for the purpose of illegal possession; and
- IBO Shenzhen and/or Mr. Lai had timely repaid all amounts under the LC Financing Arrangements, and had not caused any loss to the LC Issuing Bank.

Our Directors consider that no fraud, no bribery and other illegal activities were involved in our Group's non-compliant LC Financing Arrangements on the following bases:

- Mr. Lai acting upon the LC Issuing Bank's suggestion to make the LC Financing Arrangements in the capacity of IBO Shenzhen to take advantage of a higher credit limit of the loan facility advanced from the LC Issuing Bank;
- the legal opinion of our PRC legal adviser in respect of the LC Financing Arrangements;
- the interview with Shenzhen PBOC and Shenzhen CBRC confirmed that each of them had not imposed, and will not impose, any administrative penalties against our Group and the related personnel in respect of the non-compliant LC Financing Arrangements;
- the interview with the LC Issuing Bank confirmed that it was not aware of any incident or hearsay information from any source that Shenzhen IBO, its directors or any relevant employees were involved in any fraud, bribery or other illegal activities in relation to our Group's non-compliant LC Financing Arrangements; and
- the civil and criminal litigation search results against IBO Shenzhen, our Directors and senior management members obtained from an independent search agent, which revealed that none of such parties was involved in any legal proceeding in relation to the LC Financing Arrangements.

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Opinion of our PRC legal adviser in respect of the LC Financing Arrangements on the likelihood of us being penalised

Our PRC legal adviser in respect of the LC Financing Arrangements is of the opinion that the chance of the competent governmental authorities imposing administrative penalties or other punitive measures against IBO Shenzhen, its shareholders, directors and senior management and other direct responsible personnel is remote, because (i) officials from Shenzhen PBOC and Shenzhen CBRC confirmed that in the interviews they have not imposed, and will not impose, any administrative penalties or other punitive measures against such parties; (ii) Shenzhen PBOC and Shenzhen CBRC are competent governmental authorities empowered to make the above confirmations; (iii) the relevant PRC laws, rules and/or regulations governing settlement of domestic letters of credit did not explicitly provide the penalties for letter of credit financing arrangements without actual underlying transactions; (iv) sufficient guarantees and collaterals for the LC Financing Arrangements had been provided, and all amounts under the letters of credit had been timely repaid, with all LC Financing Arrangements settled on 25 May 2016; and (v) there is no risk to the LC Issuing Bank as a result of failure of IBO Shenzhen to repay any amount due under the LC Financing Arrangements upon maturity of the letters of credit. The compliance certificate issued by Shenzhen PBOC and the Shenzhen branch of the State Administration of Foreign Exchange (國家外匯管理局深圳市分局) on 23 March 2017 confirmed that IBO Shenzhen was not revealed to have been penalised by Shenzhen PBOC for non-compliance of the relevant laws and regulations of PBOC or exchange control during the period from 1 April 2014 to 31 January 2017.

Internal control measures in place to prevent recurrence

To prevent recurrence of these non-compliance letter of credit financing arrangements, we have adopted the following internal control measures in relation to letter of credit financing arrangements:

- written internal control policies and procedures in relation to letter of credit financing arrangements have been formulated and adopted;
- any relevant agreements and records for obtaining letters of credit must be submitted to the Board for approval of future financing applications;
- details of all future letter of credit financing agreements must be recorded in an internal register together with the relevant agreements;
- proper controls over the sales and purchase contracts related to every letter of credit have been adopted;
- the finance department shall ensure that each supply agreement will not be used for multiple financing. The finance staff should check the letters of credit to identify any non-compliant letter of credit financing arrangements and to report any non-compliance to our Directors;
- endorsement of letters of credit shall be supported with appropriate vendor contracts and invoices;

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- the finance department shall monitor letter of credit endorsements to ensure their appropriateness according to vendor contracts and invoices and to ensure that those letters of credit will not be used for providing financing assistance to any related companies, Shareholders, Directors, employees or third-party companies;
- discount of commercial bills of exchange shall be authorised by the general manager of our Company and chairman of the Board. The finance staff shall ensure that the fund is deposited to our Company's bank account on a timely basis;
- the finance department of our Company will maintain a tracking register of the discounted commercial bills of exchange and regularly monitor the register to ensure that the fund is not used for providing financing assistance to any related companies, Shareholders, Directors, employees or third-party companies;
- the finance department will perform compliance assessment and report the results to the Board on a quarterly basis;
- the internal audit department of our Company shall review our Group's internal control system in relation to letter of credit financing arrangements on a quarterly basis and report any findings to the Board and audit committee for follow-ups;
- as a deterrent measure, senior management shall hold accountable staff who breach the internal control policies and procedures in relation to letter of credit financing arrangements, or the relevant PRC laws, and shall take disciplinary actions or penalties, including warnings, demotion, salary reduction or dismissal against the relevant staff in accordance with the seriousness of the breach; and
- training has been provided to our Directors, senior management and other directly responsible personnel by our PRC Legal Advisers and PRC legal adviser in respect of the LC Financing Arrangements in May 2017 in respect of (i) introduction to letter of credit and letter of credit financing; (ii) relevant PRC laws and regulations governing letter of credit financing; (iii) letter of credit financing procedures and the associated risks; (iv) case study of letter of credit financing non-compliance; and (v) internal control on management of letter of credit financing procedures.

Our internal control consultant completed an initial review on our internal control system in May 2016 and identified the deficiencies about the internal control measures in relation to the letter of credit financing arrangements. Following identification of the deficiencies by our internal control consultant, we implemented the remedial measures as suggested by the internal control consultant.

Our internal control consultant conducted two follow-up reviews on the above internal control measures in August 2016 and April 2017 by performing walk-through and control testing covering review period from June 2016 to August 2016 and from September 2016 to April 2017, respectively. Based on the foregoing follow-up reviews, our internal control consultant concurs with the view of our Directors that the remedial measures recommended for improving internal control in relation to bill arrangements have been implemented since May 2016, and the revised internal control measures can

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address the internal control deficiencies identified in relation to the letter of credit financing arrangements. No further deficiencies in relation to credit financing arrangements were identified by our internal control consultant in the abovementioned follow-up reviews.

In addition, we will engage our internal control consultant to assess our internal control system including letter of credit financing arrangements and to report the review results to our Board and audit committee after Listing. We will also disclose in our first annual report after Listing any non-compliant letter of credit financing arrangements identified during the reviews on our internal control system.

Based on the foregoing, our Directors confirm and the Sole Sponsor concurs, that our enhanced internal control procedures are adequate and effective in preventing future non-compliance in relation to letter of credit financing arrangements.

Suitability for listing under Rule 8.04 of the Listing Rules and suitability of our Directors under Rule 3.08 and 3.09 of the Listing Rules

In light of the reasons set out below and also the actions taken by us set out above and our Directors are of the view and the Sole Sponsor concurs that the non-compliant LC Financing Arrangements do not affect (i) our suitability for listing under Rule 8.04 of the Listing Rules and (ii) the suitability of our Director involved in the non-compliant LC Financing Arrangements under Rules 3.08 and 3.09 of the Listing Rules:

- (i) the LC Financing Arrangements did not have any material adverse impact on our Group's operations;
- (ii) the funds obtained from the LC Financing Arrangement were applied for the personal use of Mr. Lai, rather than to support the operation and business of IBO Shenzhen or our Group, and hence our Group's business and financial performance could be sustained, even without the LC Financing Arrangements;
- (iii) the LC Financing Arrangements were made upon the suggestion by the LC Issuing Bank which Mr. Lai had acted upon, mainly to take advantage of the higher credit limits to finance Mr. Lai's personal funding needs, but not as general working capital of IBO Shenzhen or our Group;
- (iv) the LC Financing Arrangements were authorised and proceeded merely because Mr. Lai neither had the relevant legal knowledge of, and nor was adequately advised by professionals on, the legal implications and/or consequences of the LC Financing Arrangements, and hence the LC Financing Arrangements were not intentional;
- (v) our Group has, upon advice from our PRC legal adviser in respect of the LC Financing Arrangements, ceased the LC Financing Arrangement since 17 March 2016 and fully settled all letters of credit in relation to the LC Financing Arrangements on 25 May 2016;
- (vi) Mr. Lai has confirmed in writing, that he will not, and will procure our Group not to, engage in or permit any similar arrangements, to the extent possible. In the event that our Group is required to conduct such financing activities, he will procure our Group to take all necessary internal control measures to avoid any possible non-compliance;

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- (vii) sufficient guarantees and collaterals had been provided for the LC Financing Arrangements, and all amounts under the letters of credit had been timely repaid, with all LC Financing Arrangements settled on 25 May 2016, where no fraud, bribery or other illegal activities were involved in our Group's LC Financing Arrangements;
- (viii) the confirmation from the LC Issuing Bank that it would not take any legal action against our Directors and employees of IBO Shenzhen and any relevant parties in connection with the LC Financing Arrangements;
- (ix) the advice of our PRC legal adviser in respect of the LC Financial Arrangements that the non-compliant LC Financing Arrangements did not constitute any fraudulent activity;
- (x) as advised by our PRC legal adviser in respect of the LC Financing Arrangements, there is no risk that IBO Shenzhen, its shareholders, directors and senior management and other direct responsible personnel would be held responsible for criminal and civil liability as a result of the LC Financing Arrangements while the chance of the relevant PRC authorities imposing administrative penalties or other punitive measures against such parties is slim, and hence the LC Financing Arrangements would not constitute any legal impediment to the Listing;
- (xi) our Group has adopted certain precautionary measures set out above to avoid any possible non-compliance by our Group in the future;
- (xii) with the occurrence of the non-compliant LC Financing Arrangements, our Directors are minded and alert to any issues that might result in any non-compliance, and there are in place measures for preventing recurrence of the non-compliant LC Financing Arrangements as disclosed above and such measures are considered adequate and effective;
- (xiii) upon the training sessions provided to our Directors, our Directors are fully aware of the requirements and obligations as directors of a listed issuer pursuant to the Listing Rules and have undertaken to observe and comply with all the relevant rules and regulations;
- (xiv) since the implementation of the enhanced policies and measures and up to the Latest Practicable Date, our Directors confirmed that our Group had not been accused of any breach of rules and regulations in relation to non-compliant letter of credit financing arrangements;
- (xv) Mr. Lai's substantial experience in the industry; and
- (xvi) Mr. Lai confirmed that he will (i) procure each of our Directors to provide such confirmations and/or undertakings, as appropriate, to our Company in the manner similar to these given by him for avoiding a potential non-compliance in the future; and (ii) hold our Company harmless and keep our Company fully indemnified on demand against any costs, expenses, claims, liabilities, penalties, losses and damages incurred or suffered by our Company directly or indirectly arising from the non-compliant LC Financing Arrangements.

Other non-compliance incidents

Our Directors confirm that, save as the non-compliant LC Financing Arrangements and the non-compliance incidents disclosed below, our Group had conducted our operations and carried out our businesses in material compliance with the relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date:

Name of entity involved	Particulars for non-compliance	Reason for non-compliance	Remedial action	Estimated/actual fine/penalty
<p>IBO Shenzhen, Shenzhen Guotong, Shenzhen Bohai and IBO Shenzhen Digital Technology</p>	<p>During the Track Record Period, (i) Shenzhen Guotong, Shenzhen Bohai and IBO Shenzhen Digital Technology did not register with the relevant authorities in respect of the social insurance fund and (ii) IBO Shenzhen did not make contributions in full to the social insurance fund for its employees based on actual wages of employees.</p> <p>For each of the three years ended 31 March 2017 and the four months ended 31 July 2017, the estimated outstanding social insurance fund contributions was approximately RMB0.4 million, RMB0.3 million, RMB0.2 million and nil respectively.</p>	<p>The management and human resources department of our Group had a different interpretation towards the relevant laws and regulations in respect of social insurance contributions for their employees. Moreover, as Shenzhen Guotong, Shenzhen Bohai and IBO Shenzhen Digital Technology were newly established companies with no employees recruited, our Group did not apply for the registration of the social insurance funds for these subsidiaries.</p>	<p>Our Directors confirm that IBO Shenzhen has made social insurance fund contributions in full compliance with the relevant laws and regulations since July 2016.</p>	<p>According to the relevant PRC laws, the relevant authorities may demand us to pay the difference in social insurance fund contributions based on the actual wages of employees within a stipulated deadline and we may be liable to a penalty equal to 0.05% of the difference calculated daily from the date the relevant insurance fund contributions became payable and if we fail to make the required payment within the prescribed time limit, we may be subject to a fine of one to three times of the overdue amount. Moreover, the relevant unit should register for and establish an account for social insurance funds for its employees to social insurance funds authorities within 30 days since its establishment. If the relevant unit does not register for the social insurance funds, the social insurance funds authorities may order to correct it within the prescribed period; if the relevant unit fails to do so, then the unit may be subject to a fine of one to three times of the overdue amount and both the responsible supervisor and the other direct responsible person may be imposed of a penalty from RMB500 to RMB3,000.</p>

Current status and follow-up measures:

During the Track Record Period and up to the Latest Practicable Date, our Group has not received any orders or demands from the relevant governmental authorities requesting our Group to pay the unpaid social insurance fund contributions or any penalties. According to the confirmation issued by the Social Insurance Bureau of Shenzhen on 1 March 2017, IBO Shenzhen has not been penalised for violating any social insurance laws and regulations, rules and other regulatory requirements between 1 April 2014 and 31 January 2017. According to the interview with the Social Insurance Bureau of Shenzhen on 1 March 2017, the bureau confirmed that, in practice, an enterprise can only complete registration for social insurance upon the establishment of labour relationship between such enterprise and its staff. During our on-site interview with the Social Insurance Bureau of Shenzhen and the department officials on 27 February 2017, we received the following reply: the bureau performs annual sample checks on major Shenzhen enterprises with a large number of fund participants. In the case where an enterprise in its jurisdiction fails to make social insurance contribution based on the actual salary of its staff, but meets the minimum payment amount as required in Shenzhen, the bureau will not demand payment for overdue amount or impose penalties. In the case where an enterprise in its jurisdiction is behind in the payment of social insurance contribution, but has no past dispute with its employees thereon, the bureau will not demand for payment of overdue amount. The same management principle has been applied to the supervision of IBO Shenzhen. To the best of its knowledge, IBO Shenzhen has not been reminded or demanded for payment since 2013 as a result of failure to make timely or full payment of social insurance contribution.

Based on the aforesaid, our PRC Legal Advisers are of the view that (i) the legal risk for Shenzhen Guotong, Shenzhen Bohai and IBO Shenzhen Digital Technology to be subject to order for completing registration of social insurance within specified timeframe from the competent authorities is relatively remote; and (ii) the possibility for the competent authorities of social insurance to take action against IBO Shenzhen to investigate the failure in payment of social insurance and to demand for payment of outstanding contributions or impose penalties is relatively remote. Accordingly, we have not made any provision for the outstanding contributions or penalties.

Further, we have adopted internal procedures to ensure that we will comply with the relevant laws and regulations, in relation to social insurance fund contributions upon Listing. Please refer to “Legal proceedings and regulatory compliance — Internal control measures to prevent recurrence of non-compliance incidents” in this section.

Name of entity involved	Particulars for non-compliance	Reason for non-compliance	Remedial action	Estimated/actual fine/penalty
IBO Shenzhen, Shenzhen Guotong, Shenzhen Bohai and IBO Shenzhen Digital Technology	<p>During the Track Record Period, (i) Shenzhen Guotong, Shenzhen Bohai and IBO Shenzhen Digital Technology did not register with the relevant authorities in respect of the housing provident funds; and (ii) IBO Shenzhen did not make contributions in full to the housing provident funds for its employees.</p> <p>For the three years ended 31 March 2017 and the four months ended 31 July 2017, the estimated outstanding housing provident fund contributions was approximately RMB33,000, RMB34,000, RMB31,000 and nil respectively.</p>	<p>The management and human resources department of our Group had a different interpretation towards the relevant laws and regulations in respect of social insurance contributions for their employees. Moreover, as Shenzhen Guotong, Shenzhen Bohai and IBO Shenzhen Digital Technology were newly established companies where no employees are recruited, our Group did not apply for the registration of the housing provident funds for these subsidiaries.</p>	<p>Our Directors confirm that IBO Shenzhen has made housing provident fund contributions in full compliance with the relevant laws and regulations since July 2016.</p>	<p>According to the relevant PRC laws, the relevant authorities may demand us to register and establish an account for housing provident funds for its employees within a prescribed period and the relevant housing provident funds authorities may impose a penalty from RMB10,000 to RMB50,000 if we fail to do so. The relevant housing provident funds authorities may also order us to pay the outstanding amounts of the housing provident funds within the prescribed time period. If our PRC subsidiaries fail to do so, the relevant housing provident funds authorities may apply to the relevant PRC court for the enforcement of the unpaid amounts. Moreover, newly established units should, within 30 days since its establishment, handle registration with housing provident fund in Housing Provident Funds Administration Centers, and within 20 days from the said register, establish housing provident fund accounts for the unit's staff in assigned banks. Any violation of this regulation, failure to register with the housing provident fund by the unit, or failure to establish housing provident fund accounts for the unit's staff would be ordered for rectification within a prescribed period by the Housing Provident Funds Administration Centers; and any failure to accomplish the above within the prescribed period would be subject to a fine between RMB10,000 and RMB50,000.</p>
Current status and follow-up measures:				
<p>According to the confirmation issued by the Shenzhen Housing Provident Fund Management Center on 15 March 2017, IBO Shenzhen has not been penalised by the Shenzhen Housing Provident Fund Management Center for violating any laws and regulations between December 2010 and February 2017. According to the interview with the Shenzhen Housing Provident Fund Management Center on 1 March 2017, we received the following reply: (i) an enterprise may not complete the registration for the housing provident fund unless it has employees; hence such procedures may be carried out after employment relationship is established; and (ii) the center does not normally take action to investigate the payment of housing provident funds by enterprises within its jurisdiction. In the case where an enterprise in its jurisdiction fails to make housing provident fund contribution based on the actual salary of its staff, but meets the minimum payment amount as required in Shenzhen, the center will not demand payment for overdue amount. In the case where an enterprise in its jurisdiction is behind in the payment of housing provident fund contribution, but has no past dispute with its employees thereon, the center will not demand for payment of overdue amount. The same management principle has been applied to the supervision of IBO Shenzhen. To the best of its knowledge, IBO Shenzhen has not been reminded or demanded for payment since 2013 as a result of failure to make timely or full payment of housing provident fund contribution.</p> <p>Based on the aforesaid, our PRC Legal Advisers are of the view that (i) the legal risk for Shenzhen Guotong, Shenzhen Bohai and IBO Shenzhen Digital Technology to be subject to order for completing registration of social insurance and setting up accounts for housing provident funds within the specified timeframe from the competent authorities is relatively remote; and (ii) the possibility for the competent authorities of housing provident funds to take action against IBO Information to investigate the failure in payment of housing provident funds and to demand for payment of outstanding contributions or impose penalties is relatively remote. Accordingly, we have not made any provision for the outstanding contributions or penalties.</p> <p>Further, we have adopted internal procedures to ensure that we will comply with the relevant laws and regulations, in relation to housing provident fund contributions upon Listing. Please refer to "Legal proceedings and regulatory compliance — Internal control measures to prevent the recurrence of non-compliance incidents" in this section.</p>				

Name of entity involved	Particulars for non-compliance	Reason for non-compliance	Remedial action	Estimated/actual fine/penalty
IBO Shenzhen	As at 31 July 2017, the payment of EIT by IBO Shenzhen in the amounts of approximately (i) RMB3.1 million for the period between 1 October 2011 and 31 December 2011; (ii) RMB0.8 million for the period between 1 January 2012 and 31 December 2012; (iii) RMB0.3 million for the period between 1 January 2013 and 31 January 2013; (iv) RMB0.1 million for the period between 1 January 2014 and 31 December 2014; and (v) RMB3.0 million for the period between 1 January 2015 and 31 January 2015 had been overdue.	There had been (i) miscommunication between the personnel responsible for tax filings and the payment settlement officer (the “ Settlement Officer ”) responsible for making tax payments for IBO Shenzhen; and (ii) the inadvertent oversight of the Settlement Officer.	We have paid out all outstanding EIT and surcharges in full since 15 March 2016.	According to the Law on the Management of Tax Revenue Collection (稅收徵收管理法), the relevant authority is entitled to order the payment of the outstanding amount of overdue EIT and a surcharge of 5% on the amount of overdue EIT calculated from the date of accrual on a daily basis. As at 15 March 2016, the overdue EIT was subject to a surcharge at the total amount of approximately RMB3.0 million.
				Current status and follow-up measures: As at the Latest Practicable Date, we have paid out all such outstanding EIT and surcharges in full. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any charge, order, or penalty and no action has been taken by any governmental authority in relation to this non-compliance incident. The Settlement Officer responsible for making tax payments has resigned in May 2016. To enhance our Group’s level and standard of financial management and supervision, our Group has recruited various profession individuals to oversee the operations of our account and finance department, namely the joining of Mr. Yu as our chief financial officer in January 2016 and Mr. Pang Chun Yip as our finance manager in May 2017, who is an associate member of CPA Australia and a member of the Hong Kong Institute of Certified Public Accountants, respectively. Further, we have established internal procedures to ensure that we will comply with relevant laws and regulations, in relation to tax filings and tax payments in the future. Please refer to the section headed “Legal proceedings and regulatory compliance — Internal control measures to prevent the recurrence of non-compliance incidents” in this section.

Internal control measures to prevent the recurrence of non-compliance incidents

We had implemented and/or will implement the following measures, in addition to the corporate governance measures set out above, to prevent the recurrence of non-compliance incidents:

- in May 2016, we appointed an external independent internal control advisory firm (i) to review and assess our internal control systems (including accounting and management systems); and (ii) to prepare a report to our Company on factual findings and recommendations on our internal control systems over the abovementioned processes and procedures. As at the Latest Practicable Date, we have implemented the relevant internal control measures based on the recommendation of the external internal control consultant. The external internal control consultant confirmed such modified and new internal control procedures are implemented upon the conduct of follow-up review;
- all new employment contracts now specify that our employees shall peruse our employees manual which specifies that our Group and employees shall comply with the laws and regulations relating to social insurance and housing provident fund contributions;
- training had been provided to the relevant personnel in the human resources department and the finance and accounting department in our Group;
- our finance and accounting department calculates the amount of social insurance and housing provident fund contributions payable with reference to the list of employees which is prepared and updated on a monthly basis by our human resources department;
- our human resources department and finance and accounting department are responsible for updating the information of our eligible employees on the social insurance and housing provident fund websites respectively;
- we have established internal procedures to ensure that we will comply with the relevant laws and regulations in relation to tax filings and tax payment in the future, which include (i) providing training to relevant manages and staff in our account and tax department designated to handle tax related matters; and (ii) requiring the internal audit department of our Group to conduct independent review on the taxation cycle on a half-yearly basis, the result of which would be assessed and approved by our audit committee; and
- a new position as our Group's internal control manager will be introduced to supervise and oversee the implementation and rolling out of internal control measures of our Group as a whole.

Views of our Directors and the Sole Sponsor

As set out in the paragraphs headed “Risk management and corporate governance”, “Legal proceedings and regulatory compliance — Non-compliant letter of credit financing — Internal control measures in place to prevent recurrence” and “Legal proceedings and regulatory compliance — Internal control measures to prevent the recurrence of non-compliance incidents” in this section, our Group has laid down and implemented detailed internal control and corporate governance measures to monitor on-going compliance with the relevant laws and regulations to prevent the occurrence of any non-compliance incidents in the future. Our Directors believe that the corporate governance and internal control measures could effectively ensure a proper internal control system and maintain good corporate governance practices of our Group. In view of the measures in place, our Directors are of the view, and the Sole Sponsor concurs, that these systems are sufficient and effective in ensuring on-going compliance with the relevant laws and regulations by our Group.

Our Directors are of the view, and the Sole Sponsor concurs, that the past non-compliance incidents (i) do not involve any dishonesty on the part of our Directors or cast any doubt on their integrity or competence; (ii) do not affect our Directors’ suitability to act as directors of a listed issuer under Rules 3.08 and 3.09 of the Listing Rules; and (iii) do not affect our Company’s suitability for listing under Rule 8.04 of the Listing Rules.

CONNECTED TRANSACTION

OVERVIEW

During the Track Record Period, our Group entered into a number of related party transactions, details of which are set out in Note 32 to the Accountants' Report on Historical Financial Information as set out in Appendix I to this prospectus. Following the Listing, the following transaction will continue between our Group and the relevant connected person, which will constitute continuing connected transaction for our Company under Chapter 14A of the Listing Rules. Details of such transaction is set out below.

EXEMPT CONTINUING CONNECTED TRANSACTION

The continuing connected transaction below is fully exempt from the relevant reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Tenancy Agreement with EMax

Description of Transaction

On 1 August 2017, Abacus International and EMax entered into a tenancy agreement (the "**Tenancy Agreement**") in respect of the leasing of the premises located at Office 1623, 16th Floor, Argyle Centre Phase 1, 688 Nathan Road, Mong Kok, Kowloon, Hong Kong (the "**Premises**") from EMax to Abacus International commencing from 1 August 2017 and expiring on 31 March 2018, at a rent of HK\$22,040 per month. The Premises has a gross floor area of approximately 580 sq. ft. and our Company currently uses the Premises as its principal place of business in Hong Kong.

EMax is owned by Ms. Ho as to 1% and Gee Fung (which is held by Mr. Lai and Ms. Ho as to 99.99% and 0.01%) as to 99%. EMax is therefore a connected person of our Company. As such, the transaction contemplated under the Tenancy Agreement will constitute a continuing connected transaction of our Company under Chapter 14A of the Listing Rules upon the Listing.

Historical Transaction amounts

There was no historical transaction in relation to the leasing of the Premises before 1 August 2017.

Annual Cap

The annual rental amount payable by our Group and thus the proposed annual cap under the Tenancy Agreement for the period from 1 August 2017 to 31 March 2018 will not exceed HK\$180,000. Such rental amount was determined after arm's length negotiation between the parties with reference to the market rent for similar properties in the vicinity of the Premises before entering into the Tenancy Agreement.

CONNECTED TRANSACTION

Listing Rules' Implications

As the relevant percentage ratios with respect to the transaction contemplated under the Tenancy Agreement on an annual basis are more than 0.1% but less than 5% and the total consideration is less than HK\$3,000,000, the entering into of the Tenancy Agreement constitutes de minimis continuing connected transaction of our Company under Rule 14A.76 of the Listing Rules which will be fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Our Directors (including our independent non-executive Directors) have confirmed that the transaction under the Tenancy Agreement is in the ordinary and usual course of business of our Group, on normal commercial terms or better, fair and reasonable, and in the interests of our Company and Shareholders as a whole.

COMPLIANCE WITH THE LISTING RULES

If the material terms of the Tenancy Agreement is altered to the extent that it is no longer an exempt continuing connected transaction or if we enter into any new agreements or arrangements with any connected persons in the future under which the aggregate consideration exceeds the limits for exempt continuing connected transactions referred to in the Listing Rules, we will comply with the relevant requirements of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board currently consists of eight Directors, comprising five executive Directors and three independent non-executive Directors. The power, functions and duties of our Board include convening general meetings, determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions and recommending for the increase or reduction of our registered capital as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association.

The table below shows certain information with respect to our Directors and senior management:

Members of our Board

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position(s) in our Group	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Lai Tse Ming (黎子明先生)	55	April 2000	15 April 2016	Executive Director, Chairman of the Board	Responsible for the overall strategic planning and corporate policies as well as overseeing the operations of our Group	Father of Mr. Lai Kam Man
Mr. Gao Weilong (高偉龍先生)	47	March 2006	2 May 2017	Executive Director, Chief Executive Officer	Responsible for overall management of our Group	N/A
Mr. Teng Feng (滕峰先生)	42	November 2009	2 May 2017	Executive Director, Chief Technical Officer	Responsible for formation and management of the technical team of our Group	N/A
Mr. Yu Kin Keung (余健強先生)	36	January 2016	2 May 2017	Executive Director, Chief Financial Officer	Responsible for the overall management of the financial matters of our Group	N/A
Mr. Lyu Huiheng (呂惠恒先生)	38	May 2017	2 May 2017	Executive Director	Responsible for supervising legal related matters of our Group	N/A
Dr. He Tianxiang (何天翔博士)	33	December 2017	6 December 2017	Independent non-executive Director	Responsible for providing independent advice to the Board and serving as member of the remuneration committee and the audit committee	N/A

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Date of joining our Group	Date of appointment as Director	Existing position(s) in our Group	Roles and responsibilities	Relationship with other Directors and senior management
Dr. Wong Kwok Yan (黃國恩博士)	53	December 2017	6 December 2017	Independent non-executive Director	Responsible for providing independent advice to the Board and serving as chairman of the remuneration committee and member of the audit committee and the nomination committee	N/A
Mr. Hung Muk Ming (洪木明先生)	52	December 2017	6 December 2017	Independent non-executive Director	Responsible for providing independent advice to the Board and serving as chairman of the audit committee and member of the nomination committee	N/A

Members of our senior management

Name	Age	Date of joining our Group	Existing position(s) in our Group	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Peng Jinzhi (彭金志先生)	54	April 2002	Financial controller of IBO Shenzhen	Overall management of the financial matters of IBO Shenzhen	N/A
Mr. Pang Chun Yip (彭俊業先生)	37	May 2017	Finance manager and company secretary	Overall management of the accounting, financial compliance and secretarial matters of our Group	N/A
Mr. Lai Kam Man (黎錦文先生)	29	August 2013	Project development director	Overall management of project development of our Group	Son of Mr. Lai
Mr. Gan Xianqing (甘顯清先生)	33	July 2008	General manager of operation	Overall management of the operation matters of our Group	N/A
Mr. Wang Changhan (王昌漢先生)	55	June 2004	General manager of system maintenance	Overall management of the system maintenance matters of our Group	N/A
Mr. Zhu Fujian (朱福建先生)	41	July 2003	Sales director	Overall management of the sales matters of our Group	N/A
Mr. Zhao Yunhui (趙雲輝先生)	48	July 2005	Project implementation director	Overall management of the project implementation matters of our Group	N/A

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Lai Tse Ming (黎子明先生), aged 55, is the founder of our Group, the chairman of our Board and our nomination committee and an executive Director. Mr. Lai is one of our Controlling Shareholders. He is responsible for the overall strategic planning and corporate policies as well as overseeing the operations of our Group. Mr. Lai is the chairman of Abacus International and IBO Shenzhen. He is also a director of each subsidiary of our Company except Shenzhen Guotong. Mr. Lai has approximately 17 years of experience in the industry of information technology. Before founding our Group, Mr. Lai has been also the founder and chairman of Gee Fung (principally engaged in general trade) since 1995. Mr. Lai received a diploma in special zone economics (特區經濟學) from Jinan University (暨南大學) in 1988.

Mr. Lai was a director of the following companies which were incorporated in Hong Kong and were deregistered pursuant to section 291AA of the Predecessor Companies Ordinance. It is confirmed by Mr. Lai that all the following deregistration was made voluntarily by way of submitting an application to the Registrar of Companies in Hong Kong because these companies had ceased to carry on business or operation for more than three months immediately before the relevant application. The relevant details are as follows:

Name of Company	Nature of business	Date of deregistration
Geven Industries Limited 致豐實業有限公司	Inactive	24 November 2000
Greatbest International Limited 嘉培國際有限公司	Inactive	24 December 2008
Tech Asia Holdings Limited 科亞集團有限公司	Inactive	22 July 2005

It is also confirmed by Mr. Lai that there is no outstanding or ongoing claim, litigation or liability against him in connection with such companies and the above companies were solvent at the relevant times.

Mr. Gao Weilong (高偉龍先生), aged 47, is our chief executive officer and an executive Director. He is responsible for overall management of our Group. He joined our Group in March 2006 and is currently the chairman of IBO Shenzhen Digital Technology and a director of Shenzhen Guotong and Shenzhen Bohai. Mr. Gao has approximately 25 years of experience in engineering and management. Prior to joining our Group, his primary working experience includes: an engineer and subsequently promoted to chief design engineer of China Southern Airlines Power Machinery Company* (中國南方航空動力機械公司) (principally engaged in the manufacturing of aircraft engines, as well as the research and development and manufacturing of motorcycles) from August 1992 to December 2001; a senior engineer of Minghua Environmental Automobile Company Limited* (明華環保汽車有限公司) (principally engaged in the research and design of the gasoline-electric hybrid vehicles and the components thereof) from January 2002 to May 2002; a managing engineer of TCL King Electronics (Shenzhen) Company Limited* (TCL王牌電子(深圳)有限公司) (principally engaged in the research and development, manufacturing and sales of electronic products) from August 2002 to April 2003; a performance management supervisor of Shenzhen Southern CIMC Containers Manufacture Company Limited (深圳南方中集集裝箱製造有限公司) (a subsidiary of China International Marine Containers (Group) Company Limited, a company listed on the Stock Exchange (stock code: 2039) and the Shenzhen Stock Exchange (stock code: 000039) and principally engaged in the manufacturing of

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containers) from January 2004 to February 2006. Mr. Gao received a bachelor degree in automotive engineering in tractor (汽車工程系汽車拖拉機) from Chongqing University (重慶大學) in July 1992, a master degree in engineering in power mechanical engineering from Wuhan Automotive Polytechnic University (武漢汽車工業大學) (now known as Wuhan University of Technology (武漢理工大學)) in March 2000 and a Master of Business Administration (工商管理) from Peking University (北京大學) in June 2004.

Mr. Teng Feng (滕峰先生), aged 42, is our chief technical officer and an executive Director. He is responsible for formation and management of the technical team of our Group. He joined our Group in November 2009. Mr. Teng has approximately 13 years of experience in research and development of wireless communication products and electronic label products. Prior to joining our Group, his primary working experience includes: a manager of the hardware department of Shenzhen Aerospace Intelligence Telecommunications Limited* (深圳市航通智能有限公司) (principally engaged in the development, sales and the relevant technical information of computer software and hardware, communication network devices and Global Positioning System integration) from November 2002 to September 2003; a general manager of the products department of Guangzhou Longsun Network Technology Company Limited* (廣州朗昇網絡科技有限公司) (principally engaged in computer network system engineering services) from January 2005 to April 2008; a technical director of Shenzhen An Zhi Mao Network Communications Company Limited* (深圳市安智貿網絡通信有限責任公司) (principally engaged in the technology development of network communication devices) from May 2008 to July 2009. Mr. Teng received a bachelor degree in engineering in automation in electrical equipments and measurement techniques (自動化系電子儀器及測量技術) from University of Electronic Science and Technology of China (中國電子科技大學) in July 1998 and a master degree in electronics and communication engineering (電子與通信工程領域) from Tsinghua University (清華大學) in January 2007.

Mr. Yu Kin Keung (余健強先生), aged 36, is our chief financial officer and an executive Director. He is responsible for the overall management of the financial matters of our Group. Mr. Yu joined us in January 2016. Prior to joining our Group, his primary working experience includes: an auditor of Hong Kong Great Wall CPA Limited (principally engaged in provision of auditing, taxation and company secretarial services) from March 2008 to October 2009; an assistant accountant of Evermate Trading Limited (principally engaged in the mining and trading of iron ore) from June 2010 to September 2010; an account manager of Chung Yuen High Polymer New Materials Holdings Limited (principally engaged in the production and trading of biodegradable plastics) from September 2010 to May 2014; a finance manager of China Animation Characters Company Limited (a company listed on the Stock Exchange (stock code: 1566) and principally engaged in trading of animation derivative products) from May 2014 to October 2015; a finance director of Bakerhouse Global Limited (principally engaged in financial advice) from October 2015 to January 2016. Mr. Yu graduated from Monash University, Australia with a bachelor degree in commerce in accountancy and finance in December 2007. Mr. Yu has been an associate member of CPA Australia since July 2011.

Mr. Lyu Huiheng (呂惠恒先生), aged 38, is an executive Director. He is responsible for supervising legal related matters of our Group. He joined our Group in May 2017. Mr. Lyu is qualified to practice law in the PRC since June 2008 and possesses extensive experience in the legal field. He had been working as a lawyer in Beijing Jincheng Tongda Law Firm* (金誠同達律師事務所) from June 2008 to November 2009 and Beijing Huicheng (Shenzhen) Law Group* (北京市惠誠(深圳)律師事務所) from January 2011 to November 2012, and is currently a lawyer in Beijing Jurisino (Shenzhen) Law Group* (北京市時代九和(深圳)律師事務所) since December 2012. Mr. Lyu is a deputy general

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manager in Shenzhen Liandao Capital Management Co. Ltd.* (深圳市聯道資產管理有限公司) (principally engaged in investment banking and private equity investment management) since March 2016. He is also a director of Union Way International Investment Group Limited (聯道國際投資集團有限公司) (principally engaged in provision of financial advice) and Union Films Limited (合眾影業有限公司) (principally engaged in production shooting projects) since March 2016 and September 2016, respectively. Mr. Lyu has been a chairman's assistant of Shenzhen Jimmy Chemical Technology Co., Ltd.* (深圳市超美化工科技有限公司) (principally engaged in manufacturing of car care and fuel additive products) from April 2006 to June 2008. Mr. Lyu received a Bachelor of Laws Degree from Shenzhen University in July 2002 and a Master of Laws Degree in International Economic Law from The University of Warwick in January 2005.

Independent non-executive Directors

Dr. He Tianxiang (何天翔博士), aged 33, was appointed as an independent non-executive Director on 6 December 2017. Dr. He does not hold any other position with the members of our Group. He is currently an assistant professor in the School of Law in the City University of Hong Kong since August 2016. Dr. He received a Bachelor of Laws Degree from Huaqiao University (華僑大學) in July 2007, a Master of Laws Degree in International Law from Jinan University (暨南大學) in June 2009. He also received a Doctor's degree in the Faculty of Law from Maastricht University in July 2016 and a Doctor's degree in Criminal Law from Renmin University of China (中國人民大學) in January 2017.

Dr. Wong Kwok Yan (黃國恩博士), aged 53, was appointed as an independent non-executive Director on 6 December 2017. Dr. Wong does not hold any other position with the members of our Group. He is a solicitor in Hong Kong and has over 20 years of experience in the legal profession. Dr. Wong has been the principal of Christopher K. Y. Wong, Solicitors since June 2005. Dr. Wong has obtained the following professional qualifications: Chartered Member & Associateship of the Textile Institute (U.K.) in 1990; Civil Celebrant of Marriage in 2006; China-Appointed Attesting Officer in 2009; Arbitrator of Shenzhen International Court of Arbitration/South China International Economic and Trade Arbitration Commission in 2015. Dr. Wong has been an appointed member of the Wong Tai Sin District Council from 2008 to 2011 and 2012 to 2015. Dr. Wong graduated from the Hong Kong Polytechnic University with the academic qualification of Associateship in Textile Technology in 1988. He accomplished the Common Professional Examination of England and Wales jointly organised by the Manchester Metropolitan University (UK) and the University of Hong Kong in 1993. In 1995, he completed the Postgraduate Certificate in Laws from the University of Hong Kong. Dr. Wong was awarded a Bachelor of Laws Degree by the Peking University (北京大學) in 2002, a Master of Laws Degree in Chinese and Comparative Law by the City University of Hong Kong in 2005, and a Doctor of Laws Degree in Environmental and Resource Protection Law by the Renmin University of China (中國人民大學) in 2012.

Mr. Hung Muk Ming (洪木明先生), aged 52, was appointed as an independent non-executive Director on 6 December 2017. Mr. Hung does not hold any other position with the members of our Group. Mr. Hung has over 25 years of experience in auditing, finance and accounting. Since February 2017, Mr. Hung has been a director of Hua Guan New Materials Company Limited* (華冠新型材料股份有限公司), a subsidiary of Guangdong Ming Crown Group Limited* (廣東名冠集團有限公司), a company engaging in steel production. From February 2005 to February 2017, Mr. Hung was the group financial controller of Guangdong Ming Crown Group Limited* (廣東名冠集團有限公司), a company engaging in construction, property development, hotels, steel production and ports businesses in

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Dongguan and Xinhui, the PRC. From October 2002 to January 2005, Mr. Hung was the group financial controller of Hoi Meng Group* (開明集團). From July 2001 to September 2002, Mr. Hung worked as a finance manager of Hong Kong Exchanges and Clearing Limited (Stock code: 388), a company listed on the Stock Exchange. From November 1994 to July 2001, Mr. Hung was the accounting manager of financial control department of Embry (H.K.) Limited. From August 1990 to November 1994, Mr. Hung was promoted from accountant to senior accountant I of Price Waterhouse (now known as PricewaterhouseCoopers). Mr. Hung is currently an independent non-executive director and chairman of the audit committee of Cinda International Holdings Ltd. (Stock code: 111), a company listed on the Stock Exchange, an independent non-executive director and chairman of the audit committee of Silver Grant International Industries Ltd. (Stock code: 171), a company listed on the Stock Exchange, an independent non-executive director and chairman of the audit committee of Century Sage Scientific Holdings Ltd. (Stock code: 1450), a company listed on the Stock Exchange and an independent non-executive director and chairman of the remuneration committee of China Animation Characters Co. Ltd. (Stock code: 1566), a company listed on the Stock Exchange. From September 2004 to February 2006, Mr. Hung was the independent non-executive director and chairman of the audit committee of Rontex International Holdings Ltd. (Stock code: 1142), a company listed on the Stock Exchange. Mr. Hung received a bachelor's degree in social sciences with a major in economics, finance and accounting from the University of Hong Kong in December 1990. Mr. Hung obtained a master's degree in corporate governance from Hong Kong Polytechnic University in October 2008. Mr. Hung has been a Certified Tax Adviser since July 2010, a member of the Taxation Institute of Hong Kong since June 2010, a fellow member of the Hong Kong Institute of Directors since November 2009, associate of Hong Kong Institute of Chartered Secretaries and Institute of Chartered Secretaries & Administrators since February 2009, a fellow member of the Hong Kong Institute of Certified Public Accountants since July 2001, a fellow member of the Association of Chartered Certified Accountants since January 1999 and a Certified Public Accountant (Practising) of HKICPA since November 1994.

Save as disclosed in the paragraphs headed “Executive Directors” and “Independent non-executive Directors” above, none of our Directors held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus, and there is no other matter that needs to be brought to the attention of the Board and Shareholders in connection with the above Directors and there is no information which is required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

Mr. Peng Jinzhi (彭金志先生), aged 54, is the financial controller of IBO Shenzhen and is responsible for the overall management of the financial matters of IBO Shenzhen. Mr. Peng joined us in April 2002. Prior to joining our Group, his primary working experience includes: an accountant of Jiangxi Department Store Textile Company* (江西省百貨紡織品公司) (principally engaged in the sales of general merchandise, textiles, cultural products, metal hardware, chemicals and furniture) from March 1983 to September 1994; a general manager of the finance department of Xiamen Yincheng Company Limited* (廈門銀城股份有限公司) (principally engaged in brewing of beer, production of natural mineral water, drinks, canned foods and glassware, and wholesale and retail of beer, foods, drinks and cigarettes (retail only)) from September 1995 to October 1998; a deputy general manager and finance manager of Shandong Zouping Chaoyi Packaging Color Printing Limited* (山東鄒平超藝包裝彩色印刷有限公司) (principally engaged in processing and sales of packaging, prints, plastic films, cartons and

DIRECTORS AND SENIOR MANAGEMENT

household paper) from November 1998 to November 2001. Mr. Peng graduated from Jiangxi Institute of Finance* (江西財經學院) (now known as Jiangxi University of Finance and Economics (江西財經大學)) with a diploma in accounting (會計) in June 1991. Mr. Peng has been a member of the Chinese Institute of Certified Public Accountants and a certified tax agent since November 2003 and January 2005 respectively.

Mr. Pang Chun Yip (彭俊業先生), aged 37, is our finance manager and company secretary and is responsible for the overall management of the accounting, financial compliance and secretarial matters of our Group. Mr. Pang joined our Group in May 2017. Mr. Pang has over 10 years of experience in accounting. Before joining our Group, from January 2005 to October 2006, he worked at Wong Kwok Tai & Co. as an audit trainee and was subsequently promoted to an audit semi-senior. During the period of March 2007 to August 2008, Mr. Pang was a semi-senior auditor at Y. L. Ngan & Company Certified Public Accountants. During the period of October 2008 to January 2015, he worked as an assistant accountant in Hanison Construction Company Limited. In January 2015, Mr. Pang joined Wang Kei Yip Development Limited and acted as a senior accountant until August 2015. From September 2015 to November 2016, Mr. Pang worked at China Overseas (Hong Kong) Limited as an accountant. Mr. Pang is currently a senior accountant in Big Success Accounting Services Limited since November 2016. Mr. Pang graduated from The Chinese University of Hong Kong with a bachelor degree in business administration in December 2002. He has been a member of the Hong Kong Institute of Certified Public Accountants since 2011.

Mr. Lai Kam Man (黎錦文先生), aged 29, is our project development director and is responsible for the overall management of project development of our Group. Mr. KM Lai is the son of Mr. Lai. He joined our Group in August 2013. Mr. KM Lai graduated from Jinan University (暨南大學) with a bachelor degree in international economics and trading (國際經濟與貿易) in July 2013.

Mr. Gan Xianqing (甘顯清先生), aged 33, is the general manager of operation of our Group and is responsible for the overall management of the operational matters of our Group. He is also a director of IBO Shenzhen and IBO Shenzhen Digital Technology, and the chief of internal audit of our Group. Mr. Gan joined us in July 2008 as a secretary of the chairman. He graduated from South China Agricultural University (華南農業大學) with a bachelor degree in management in marketing (市場營銷) in July 2008.

Mr. Wang Changhan (王昌漢先生), aged 55, is the general manager of system maintenance of our Group and is responsible for the overall management of the operational maintenance in system information service technology of our Group. Mr. Wang joined us in June 2004. Prior to joining our Group, Mr. Wang was an accountant of Yangchun Supply and Marketing Cooperatives* (陽春市供銷社) (principally engaged in the wholesale, retail and processing of agricultural products) from August 1981 to March 1984. Since April 1984, Mr. Wang worked for different branches in Industrial and Commercial Bank of China. Mr. Wang joined the Yangchun Branch as an accountant in the business department in May 1984, and his last position in the Yangchun Branch was a manager in the credit business department. Mr. Wang was promoted to a vice president of the Jiangcheng Branch in Yangjiang City in 1988 and was further promoted to a branch president in 1998. Mr. Wang graduated from Party School of the Guangdong Provincial Committee* (中共廣東省委黨校) with a bachelor degree in economics management (經濟管理) in December 2002.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhu Fujian (朱福建先生), aged 41, is the sales director of our Group and is responsible for the overall management of the sales matters of our Group. Mr. Zhu joined us in July 2003. Prior to joining our Group, his primary working experience includes: a technician of Guizhou Shuangyang Aircraft Factory* (貴州雙陽飛機廠) (principally engaged in the development, manufacturing, sales and services of electronic products, and the development, provision of technological advice and technical services of computer software) from August 1999; a software engineer of Shenzhen Weixin Intelligence Technology Company Limited* (深圳市威信智能技術有限公司) (principally engaged in the technology development of intelligent monitoring products and computer application system) from December 2001 to October 2002; a software engineer of Shenzhen Xifeng Group Institute* (深圳市西風集團研究院) (principally engaged in the research and development of network technology, network software, digital TV broadcasting technology and optical communication technology) from April 2003 to December 2003. Mr. Zhu graduated from Shenyang Aviation Industry School* (瀋陽航空工業學院) (now known as Shenyang Aerospace University (瀋陽航空航天大學)) with a bachelor degree in aircraft manufacturing engineering (飛行器製造工程) in July 1999 and Lanzhou Jiaotong University (蘭州交通大學) with a master degree in transportation engineering (交通運輸工程領域) in June 2011.

Mr. Zhao Yunhui (趙雲輝先生), aged 48, is the project implementation director of our Group and is responsible for the overall management of the project implementation matters of our Group. Mr. Zhao joined us in July 2005. Prior to joining our Group, his primary working experience includes a manager of major project department of Shenzhen Fu An Security Systems Limited* (深圳市賦安安全系統有限公司) (principally engaged in the research and development, manufacturing and sales of fire-fighting products and software) from March 1997 to January 2004. Mr. Zhao graduated from Harbin University of Science and Technology (哈爾濱科學技術大學) with a bachelor degree in engineering in precision instrument (精密儀器) in July 1992.

Save as disclosed in the sub-section headed “Senior Management” above, none of our senior management held any directorship in any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

COMPANY SECRETARY

Mr. Pang Chun Yip (彭俊業先生), aged 37, was appointed as our company secretary on 2 May 2017 for the purposes of Rule 8.17 of the Listing Rules. For details of his background, please refer to the paragraph headed “Senior Management” of this section.

BOARD COMMITTEES

We have established the following committees under the Board: an audit committee, a remuneration committee and a nomination committee. The committees operate in accordance with the terms of reference established by the Board.

Audit Committee

Our Company established the audit committee on 6 December 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rule and paragraph C3 of the Corporate Governance Code. The audit committee consists of three members, namely Mr. Hung Muk Ming, Dr. He Tianxiang and Dr. Wong Kwok Yan, all of whom are independent non-executive Directors. The audit committee is chaired

DIRECTORS AND SENIOR MANAGEMENT

by Mr. Hung Muk Ming. The primary duties of the audit committee are (i) to assist the Board by providing an independent view of the effectiveness of the financial reporting process, risk management and internal control systems of our Company; (ii) to oversee the audit process; (iii) to develop and review our policies; and (iv) to perform other duties and responsibilities as assigned by our Board.

Remuneration Committee

Our Company established the remuneration committee on 6 December 2017 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B1 of the Corporate Governance Code. The remuneration committee consists of three members, namely Dr. Wong Kwok Yan, Dr. He Tianxiang and Mr. Gao Weilong. The remuneration committee is chaired by Dr. Wong Kwok Yan. The primary duties of the remuneration committee include (but without limitation): (i) 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; (ii) making recommendations to the Board on the remuneration packages of our Directors and senior management; (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iv) 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.

Nomination Committee

Our Company established the nomination committee on 6 December 2017 with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code. The nomination committee consists of three members, namely Mr. Lai, Dr. Wong Kwok Yan and Mr. Hung Muk Ming. The nomination committee is chaired by Mr. Lai. The primary function of the nomination committee is to make recommendations to our Board on the appointment of members of our Board.

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 complies or intends to comply with the code provisions stated in the Corporate Governance Code. Our Company is committed to the view that the Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

DIRECTORS AND SENIOR MANAGEMENT

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. We will comply with the code provisions set out in the Corporate Governance Code after the Listing.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

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

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 Directors for each of the three years ended 31 March 2017 and the four months ended 31 July 2017 were approximately RMB849,000, RMB895,000, RMB1,420,000 and RMB477,000 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 the three years ended 31 March 2017 and the four month ended 31 July 2017. 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 but excluding discretionary bonus, if any) of our Directors for the year ending 31 March 2018 is estimated to be about RMB2,184,000.

SHARE OPTION SCHEME

For details of the Share Option Scheme, please refer to “D. Share Option Scheme” in Appendix V to this prospectus.

COMPLIANCE ADVISER

We have appointed Innovax Capital as our compliance adviser (the “**Compliance Adviser**”) pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the 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;
- (c) where we propose to use the net proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

DIRECTORS AND SENIOR MANAGEMENT

- (d) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of appointment of the Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of the despatch of our annual report for the first full financial year after the Listing.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

OVERVIEW

Our Controlling Shareholders

Immediately following completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Options or options which may be granted under the Share Option Scheme), our Company will be owned as to 53.25% by Shine Well. Hence, each of Shine Well and Mr. Lai are our Controlling Shareholders upon the Listing within the meaning of the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Save as otherwise disclosed under the section headed “Connected Transactions” in this prospectus, our Directors do not expect any other significant transactions to be entered into between our Group, our Controlling Shareholders and their respective close associates upon or shortly after the Listing.

Our Directors consider that our Group is capable of carrying on its business independent of our Controlling Shareholders and their respective close associates after the Listing on the following reasons:

1. Management independence and operational independence

Although our Controlling Shareholders will retain a controlling interest in our Company after the Listing, our Company has full rights to make all decisions on, and to carry out, its own business operations independently. Our Company (through its subsidiaries) holds all relevant licences necessary to carry on the business, and has sufficient capital, equipment and employees to operate the businesses independently from our Controlling Shareholders.

Although Mr. Lai is also the sole director and sole shareholder of Shine Well, Shine Well has no operative business except for being an investment holding company for other private investments of Mr. Lai, and Mr. Lai is not involved in any other business that is in competition with our business. Therefore, our Directors believe that the independence of the management of our Group will not be affected or compromised.

Our Company’s management and operational decisions are made by the executive Directors and senior management, most of whom have served our Company and/or its subsidiaries for a long time and all have substantial relevant experience in the industry in which our Company is engaged. Each of our Directors is aware of his or her fiduciary duties as a Director and his or her personal interest. In the event of any conflict of interest or duty, such Director shall abstain from voting when a conflicted resolution is to be discussed and voted on. Further, our Company’s three independent non-executive Directors will bring independent judgment to the decision-making process of the Board.

2. Administrative independence

Our Group has its own capabilities and personnel to perform all essential administrative functions including financial and accounting management, inventory management and product design and development. Our company secretary and senior management staff are independent of our Controlling Shareholders.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

3. Financial independence

Our Group has its own financial management system and the ability to operate independently from our Controlling Shareholders from a financial perspective. All the amounts due to and from our Controlling Shareholders as well as all guarantees, indemnities and/or other securities provided by our Controlling Shareholders for the benefit of our Group's banking facilities during the Track Record Period will be fully settled before the Listing Date. There will be no financial assistance, security and/or guarantee provided by any of our Controlling Shareholders in favour of our Group upon the Listing. As such, our Directors believe that our Group is capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

RULE 8.10 OF THE LISTING RULES

None of our Controlling Shareholders and Directors has any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

UNDERTAKINGS

Each of our Controlling Shareholders has given certain undertakings in respect of the Shares to our Company and the Joint Global Coordinators (for themselves and on behalf of all the Hong Kong Underwriters), details of which are set out in the section headed "Underwriting — Undertaking to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement — Undertakings by each of our Controlling Shareholders" in this prospectus.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders confirm that, other than their interests in our Company, none of them or any of their respective close associate is engaged or interested in any Restricted Business as defined in the paragraph immediately below or any business which has any existing or potential competition with the business of our Group.

On 6 December 2017, our Company (for itself and as trustee for and on behalf of its subsidiaries and associated companies, from time to time) entered into the Deed of Non-competition with each of our Controlling Shareholders. Pursuant to the Deed of Non-competition, each of our Controlling Shareholders irrevocably and unconditionally, jointly and severally, covenants and undertakes with our Company (for itself and as trustee for and on behalf of its subsidiaries and associated companies, from time to time) that, during the period commencing from the date of Listing and expiring on the occurrence of the earliest of the date on which (i) such Controlling Shareholder and/or his close associates, whether individually or taken together, ceases to beneficially own more than 30% (or such other amount as may from time to time be specified in the Listing Rules as being the threshold for determining a controlling shareholder) as defined in the Listing Rules of the issued share capital of our Company or ceases to be deemed as a Controlling Shareholder of our Company under the Listing Rules; or (ii) the Shares ceases to be listed on the Stock Exchange (except for temporary suspension of such shares due to any reason) (the "**Restricted Period**"), each of our Controlling Shareholders shall not, and shall procure that none of his close associates shall, directly or indirectly, establish, invest, involve in, engage in, manage, operate or otherwise hold any right or interest, directly or indirectly, in the business which, directly or indirectly, competes or may compete with the business of our Group

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

including the business of provision of comprehensive IoT intelligent terminal product application and solutions services, and such other business conducted or carried on by our Group from time to time (the “**Restricted Business**”) within the PRC, Hong Kong and such other places as our Group may conduct or carry on business from time to time.

Each of our Controlling Shareholders has also irrevocably and unconditionally, jointly and severally, covenanted to, and procure his close associate to promptly notify our Company in writing if he or his close associates receive or become aware of any business or investment opportunities in the Restricted Business in HK and the PRC (as amended from time to time) (the “**Business Opportunity**”), during the Restricted Period and for a term of 12 months thereafter. Our Group shall have a right of first refusal to such Business Opportunity. Our Group shall only exercise such right of first refusal upon the approval of all independent non-executive Directors (who do not have any interest in such Business Opportunity). The relevant Controlling Shareholder(s) and any Director who has an actual or potential material interest in the Business Opportunity (if any) shall abstain from attending (unless his attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not be counted as quorum for, any meeting or part of a meeting convened to consider such Business Opportunity. The Controlling Shareholder shall only engage in the Business Opportunity if the principal terms of the Business Opportunity are no more favourable than those made available to our Company and if (i) a notice is received by him from our Company confirming that the Business Opportunity is not accepted and/or does not constitute Restricted Business (the “**Non-acceptance Notice**”); or (ii) the Non-acceptance Notice is not received by the Controlling Shareholder within ten (10) days after the proposal of the Business Opportunity is received by our Company.

Notwithstanding aforesaid, the non-competition undertaking as set out above shall not prevent our Controlling Shareholders and their respective close associates from (i) the holding of shares or other securities issued by our Company or any members of our Group from time to time; and (ii) acquiring a direct or an indirect shareholding interest or interest in other securities of not more than 5% (individually or taken together with their close associates) in a company listed on a recognised stock exchange anywhere in the world and engaged in any Restricted Business.

The covenants and undertakings given by our Controlling Shareholders under the Deed of Non-competition are conditional and shall become effective upon Listing having taken place.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of our Shareholders:

- (1) our independent non-executive Directors will review, on an annual basis, the Deed of Non-competition to ensure compliance with the non-competition undertaking by our Controlling Shareholders;
- (2) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (3) our Company will disclose decision and its basis on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition in the annual reports of our Company or by way of announcement to the public;
- (4) our Controlling Shareholders have undertaken to provide an annual confirmation to our Company confirming that each of our Controlling Shareholders and his close associates have not breached the terms of the undertakings contained in the Deed of Non-competition; and
- (5) our Controlling Shareholders will abstain from voting at any general meeting of our Company if there is any actual or potential conflict of interests in relation to the Restricted Business and the Business Opportunity.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering and the Capitalisation Issue (but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Options or options which may be granted under the Share Option Scheme), the following persons/entities will have interests or short positions in any Shares or underlying Shares, which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, be, directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholders	Capacity and nature of interests	Shares held as at the Latest Practicable Date		Shares held immediately following the completion of the Global Offering and the Capitalisation Issue	
		Number <i>(Note 1)</i>	Percentage	Number <i>(Note 1)</i>	Percentage
Shine Well <i>(Note 2)</i>	Beneficial owner	80,000 (L)	80%	213,000,000 (L) <i>(Note 5)</i>	53.25% <i>(Note 5)</i>
Mr. Lai <i>(Note 2)</i>	Interest in a controlled corporation	80,000 (L)	80%	213,000,000 (L) <i>(Note 5)</i>	53.25% <i>(Note 5)</i>
Ms. Ho <i>(Note 2)</i>	Interest of spouse	80,000 (L)	80%	213,000,000 (L) <i>(Note 5)</i>	53.25% <i>(Note 5)</i>
Century Race <i>(Note 3)</i>	Beneficial owner	10,500 (L)	10.5%	31,500,000 (L)	7.875%
VC Group Holdings Limited <i>(Note 3)</i>	Interest in a controlled corporation	10,500 (L)	10.5%	31,500,000 (L)	7.875%
Value Convergence Holdings Limited <i>(Note 3)</i>	Interest in a controlled corporation	10,500 (L)	10.5%	31,500,000 (L)	7.875%
Ping An Securities <i>(Note 4)</i>	Beneficial owner	—	—	27,000,000 (L) <i>(Note 5)</i>	6.75% <i>(Note 5)</i>
Grand Ahead Finance Limited <i>(Note 4)</i>	Interest in a controlled corporation	—	—	27,000,000 (L) <i>(Note 5)</i>	6.75% <i>(Note 5)</i>
Ping An Securities Group (Holdings) Limited <i>(Note 4)</i>	Interest in a controlled corporation	—	—	27,000,000 (L) <i>(Note 5)</i>	6.75% <i>(Note 5)</i>
Well Up (Hong Kong) Limited <i>(Note 4)</i>	Interest in a controlled corporation	—	—	27,000,000 (L) <i>(Note 5)</i>	6.75% <i>(Note 5)</i>

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Capacity and nature of interests	Shares held as at the Latest Practicable Date		Shares held immediately following the completion of the Global Offering and the Capitalisation Issue	
		Number (Note 1)	Percentage	Number (Note 1)	Percentage
King Focus International Limited (Note 4)	Interest in a controlled corporation	—	—	27,000,000 (L) (Note 5)	6.75% (Note 5)
Ever Step Holdings Limited (Note 4)	Interest in a controlled corporation	—	—	27,000,000 (L) (Note 5)	6.75% (Note 5)
Chong Sing Holdings FinTech Group Limited (Note 4)	Interest in a controlled corporation	—	—	27,000,000 (L) (Note 5)	6.75% (Note 5)
Charm Success Group Limited (Note 4)	Interest in a controlled corporation	—	—	27,000,000 (L) (Note 5)	6.75% (Note 5)
Deep Wealth Holding Limited (Note 4)	Interest in a controlled corporation	—	—	27,000,000 (L) (Note 5)	6.75% (Note 5)
TMF (Cayman) Limited (Note 4)	Trustee	—	—	27,000,000 (L) (Note 5)	6.75% (Note 5)
Cui Xintong (Note 4)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	—	—	27,000,000 (L) (Note 5)	6.75% (Note 5)
Lee Ken-yi Terence (Note 4)	Interest of Spouse	—	—	27,000,000 (L) (Note 5)	6.75% (Note 5)

Notes:

- The letter “L” denotes a long position in the shareholder’s interest in the share capital of our Company.
- The issued share capital of Shine Well is wholly and beneficially owned by Mr. Lai. Mr. Lai is therefore deemed to be interested in the Shares held by Shine Well pursuant to the SFO. Ms. Ho is the spouse of Mr. Lai and thus she is deemed to be interested in the Shares in which Mr. Lai is interested for the purpose of the SFO.
- Century Race is wholly and beneficially owned by VC Group Holdings Limited. VC Group Holdings Limited, a company incorporated in the BVI on 13 December 2013, is wholly and beneficially owned by Value Convergence Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0821). Value Convergence Holdings Limited and VC Group Holdings Limited are therefore deemed to be interested in the Shares held by Century Race pursuant to the SFO.

SUBSTANTIAL SHAREHOLDERS

4. Ping An Securities is wholly and beneficially owned by Grand Ahead Finance Limited, which is in turn wholly-owned by Ping An Securities Group (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (Stock code: 0231). Ping An Securities Group (Holdings) Limited is therefore deemed to be interested in the Shares held by Ping An Securities pursuant to the SFO. As at the Latest Practicable Date and to the best knowledge of the Directors, Well Up (Hong Kong) Limited is interested in 63.43% of the entire issued share capital of Ping An Securities Group (Holdings) Limited. Well Up (Hong Kong) Limited is wholly-owned by King Focus International Limited, which is in turn owned as to 49% by Charm Success Group Limited and 37% by Ever Step Holdings Limited, respectively.

Charm Success Group Limited is wholly-owned by Deep Wealth Holding Limited, which is in turn wholly-owned by TMF (Cayman) Limited as a trustee. Ms. Cui Xintong is the founder of the trust and Mr. Lee Ken-yi Terence is the spouse of Ms. Cui Xintong.

Ever Step Holdings Limited is wholly-owned by Chong Sing Holdings FinTech Group Limited.

Therefore each of Well Up (Hong Kong) Limited, King Focus International Limited, Ever Step Holdings Limited, Chong Sing Holdings FinTech Group Limited, Charm Success Group Limited, Deep Wealth Holding Limited, TMF (Cayman) Limited, Ms. Cui Xintong and Mr. Lee Ken-yi Terence is deemed to be interested in 63.43% of the entire issued share capital of Ping An Securities Group (Holdings) Limited. Through such interests, each of them is therefore deemed to be interested in Shares in which Ping An Securities is interested for the purpose of the SFO.

5. Pursuant to the EN Subscription Agreement and the EN Supplemental Subscription Agreement (as amended by the second and third supplemental agreements dated 28 December 2016 and 8 May 2017, respectively), 9% of Shares will automatically be exchanged to the Shares held by Shine Well representing 9% of the entire issued share capital of our Company within three Business Days prior to Listing. For further details, please refer to “History, Reorganisation and Corporate Structure — Pre-IPO Investments” in this prospectus.

Save as disclosed above in this section, our Directors are not aware of any persons who will, immediately following the completion of the Global Offering and the Capitalisation Issue (but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Options or options which may be granted under the Share Option Scheme), have interests or short positions in any Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, be directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying voting rights at general meetings of our Company, and are therefore, regarded as substantial shareholders under the Listing Rules.

SHARE CAPITAL

SHARE CAPITAL

The table below sets out the authorised and issued share capital of our Company as at the Latest Practicable Date and immediately after the Listing:

<i>Authorised share capital:</i>		<i>HK\$</i>
<u>1,000,000,000</u>	Shares of HK\$0.01 each	<u>10,000,000</u>
 <i>Issued and to be issued, fully paid or credited as fully paid:</i>		
100,000	Shares in issue as at the date of this prospectus	1,000
299,900,000	Shares to be issued pursuant to the Capitalisation Issue	2,999,000
<u>100,000,000</u>	New Shares to be issued pursuant to the Global Offering	<u>1,000,000</u>
<u>400,000,000</u>	Shares	<u>4,000,000</u>

ASSUMPTIONS

The above table assumes the Global Offering and the Capitalisation Issue become unconditional and the issue of Shares pursuant thereto is made as described herein. It takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Options or options which may be granted under the Share Option Scheme or of any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares granted to Directors as referred to below or otherwise.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at the time of Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the issued share capital of our Company in the hands of the public (as defined in the Listing Rules).

RANKING

The Offer Shares are ordinary Shares in the share capital of our Company and will rank equally with all Shares now in issue or to be allotted and issued and will qualify and rank equally for all dividends or other distributions declared, made or paid after the date of this prospectus save for the entitlements under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. A summary of its principal terms is set out in “D. Share Option Scheme” in Appendix V to this prospectus. As at the Latest Practicable Date, no option had been granted under the Share Option Scheme.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering and the Capitalisation Issue becoming unconditional, our Directors have been granted a general unconditional mandate to allot and issue and deal with the unissued Shares with an aggregate number of not more than:

- (a) 20% of the aggregate number of issued Shares immediately following the completion of the Global Offering and the Capitalisation Issue (excluding the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme); and
- (b) the aggregate number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares as described below.

This mandate will expire at the earliest of:

- (a) the conclusion of our Company's next annual general meeting;
- (b) the expiration of the period within which our Company is required by any applicable laws of the Cayman Islands or the Articles of Association to hold its next annual general meeting; or
- (c) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing such mandate.

Our Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants of our Company, scrip dividends or similar arrangements or options to be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted.

Further details of this general mandate are set out in the section headed "A. Further information about our Company — 3. Written resolutions of our Shareholders passed on 6 December 2017" in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering and the Capitalisation Issue becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total number of not more than 10% of the aggregate number of issued Shares immediately following the completion of the Global Offering and the Capitalisation Issue.

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

SHARE CAPITAL

This mandate will expire at the earliest of:

- (a) the conclusion of our Company's next annual general meeting;
- (b) the expiration of the period within which our Company is required by any applicable laws of the Cayman Islands or the Articles of Association to hold its next annual general meeting; or
- (c) the passing of an ordinary resolution by our Shareholders in general meeting revoking, varying or renewing such mandate.

For further details of this general mandate, please refer to the section headed "A. Further information about our Company — 3. Written resolutions of our Shareholders passed on 6 December 2017" and "A. Further information about our Company — 6. Repurchase by our Company of its own securities" in Appendix V to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger 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 subject to the provisions of the Companies Law reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For details, see "2. Articles of Association — (iii) Alteration of capital" in Appendix IV to this prospectus.

Pursuant to the 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. For details, see "2. Articles of Association — (ii) Variation of rights of existing shares or classes of shares" in Appendix IV to this prospectus.

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You should read the following discussion and analysis of our Group's financial condition and results of operations in conjunction with our Group's audited consolidated financial statements, including the notes thereto, as included in the Accountants' Report on Historical Financial Information set out in Appendix I to this prospectus. Our Group's consolidated financial statements have been prepared in accordance with HKFRSs. You should read the entire Accountants' Report on Historical Financial Information and not merely rely on the information contained in this section.

The following discussion and analysis contain certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by us in light of our experience and interpretation of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the relevant circumstances. However, whether actual outcomes and developments will meet our expectations and projections depends on a number of risks and uncertainties over which we do not have control. Factors that could cause or contribute to such differences included those discussed in the sections headed "Forward-looking statements" and "Risk factors" as well as those discussed elsewhere in this prospectus.

OVERVIEW

We are a National High and New Technology Enterprise that focuses on providing comprehensive IoT intelligent terminal product application and solutions services in the PRC. IoT refers to a network that enables intelligent identification, positioning, tracking, monitoring and management of targeted objects by way of exchange of information and communication between such targets and internet *via* intelligent terminal products. We offer tailor-made products, applications and solutions with a special emphasis in the area of city public safety management within the "Smart City" market in the PRC to cater our customers' needs and requirements such as safety production supervision, hazards supervision and other specific items such as asset management and personnel management.

We are primarily engaged in the provision of IoT intelligent terminal product application and solutions services in the PRC and our business can be categorised into four operating segments during the Track Record Period namely system integration, intelligent terminal products sales, software development and system maintenance services.

During the Track Record Period, we recorded significant growth. Our revenue increased by approximately RMB27.8 million, or 95.5%, from approximately RMB29.1 million for the year ended 31 March 2015 to approximately RMB56.9 million for the year ended 31 March 2016, and further increased by approximately RMB47.0 million, or 82.6%, to approximately RMB103.9 million for the year ended 31 March 2017. Our revenue also increased by approximately RMB40.9 million, or 2.6 times, from approximately RMB16.0 million for the four months ended 31 July 2016 to approximately RMB56.9 million for the four months ended 31 July 2017. Our profit and total comprehensive income for the three years ended 31 March 2017 and the four months ended 31 July 2017 were approximately RMB9.7 million, RMB24.9 million, RMB29.4 million and RMB4.0 million, respectively.

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SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that a number of factors directly or indirectly affect our business, financial condition and results of operations, including the factors discussed below:

Product or Service Mix

During the Track Record Period, we generated our revenue primarily from the system integration, intelligent terminal products sales, system maintenance services and software development services relating to IoT. See “Business — principal businesses”. The profitability of our sales of products and provision of services varies according to factors including the nature of the products and services, technological sophistication, and/or market supply and demand. Changes in revenue mix in connection with the sales of goods and provision of services may affect our revenue and financial results. In general, (i) our software development business has a relatively higher gross profit margin, primarily due to our strong pricing capabilities resulting from our technological advantages in these business lines, in which most of the products and services provided in these business lines are tailor-made for corresponding customers; and (ii) the system maintenance service business has a relatively lower gross profit margin, primarily due to the long business relationship with the major client of the business segment. Due to the different gross profit margins associated with different business lines, if we adjust our product and service mix to reflect prevailing market demand in the future, our gross profit margin could be affected.

Nature of our business is project-based

Most of our businesses are conducted on a project basis and the number of projects undertaken every year with respect to system integration, intelligent terminal products and software development may not always be accurately estimated by us. Our Directors believe that the competition in acquiring these projects is intense and our ability to secure contracts is critical to our success. However, there is no assurance that the customers will continue to provide us with new businesses after completion of our projects. In the event that we are unable to secure existing customers or procure new customers, and obtain sufficient number of recurring and/or new projects, our results of operations and financial position may be adversely affected.

Pricing of Products and Services

Our pricing for system integration, intelligent terminal products sales and software development, which are project-based, having regard to various factors including (i) the scope of works we are responsible for; (ii) the scale, complexity and particular technical requirements of the project; (iii) the estimated project cost (including costs of raw materials and labour costs, etc); (iv) the expected profit margin; (v) the estimated duration of the project; (vi) the prevailing market conditions; and (vii) any special terms or requirements. For our system maintenance service, our pricing is determined with reference to the complexity of the project, the human resources required and the estimated amount of time to be expended in the provision of the relevant services.

If our pricing does not effectively cover the possible increases in the costs of raw materials and labour and other costs, or any additional requirements on the technical specifications of projects, our profit may decrease, which may have a material adverse effect on our financial condition and results of operations.

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Raw Materials and Labour Costs

Raw materials and labour costs constitute substantial portions of our cost of sales. Our major raw materials are electronic materials, including chips, high-speed wire, stainless steel, polycarbonates (PC), and acrylonitrile butadiene styrene (ABS) for casing and other electronic parts. For the three years ended 31 March 2017 and the four months ended 31 July 2017, cost of raw materials and third-party costs accounted for approximately 33.9%, 59.5%, 75.7% and 93.3% of our cost of sales and services rendered, respectively. The availabilities and prices of these raw materials depend on domestic and global market conditions and our relationships with the suppliers. Fluctuations in the prices of these raw materials may affect the manufacturing and service costs of ourselves and our suppliers. The prices of our primary raw materials generally fluctuate as a result of various factors, including supply and demand, our bargaining power with our suppliers, logistics and government regulations and policies. Our raw material procurement is determined on the project basis.

Our operations are also dependent on the availability of skilled labour at acceptable costs. Labour costs comprise all expenses attributable to our staff (included those directly involved in the provision of our Group's services and those involved in selling and distribution as well as administrative activities), which include salaries, allowances, bonuses and social insurance contributions. Fluctuation in our labour costs may materially and adversely affect our business and financial results. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our labour costs were RMB10.4 million, RMB9.7 million, RMB13.4 million and RMB4.9 million, respectively, representing approximately 35.7%, 17.0%, 12.9% and 8.6% of our total revenue for those years/period, respectively. Direct labour costs as a percentage of our total revenue decreased in each year during the Track Record Period, reflecting our continuous efforts to control labour costs as a percentage of our total revenue and improve the efficiency of our employees.

The following sensitivity analysis illustrates the impact of hypothetical changes of our cost of raw materials and third-party costs and direct labour costs on profit before taxation for the three years ended 31 March 2017 and the four months ended 31 July 2017:

	Increase/ (decrease) in percentage	Year ended 31 March				2017		Four months ended 31 July	
		2015		2016		2017		2017	
		(Decrease)/ increase in profit before taxation	Adjusted profit before taxation for the year	(Decrease)/ increase in profit before taxation	Adjusted profit before taxation for the year	(Decrease)/ increase in profit before taxation	Adjusted profit before taxation for the year	(Decrease)/ increase in profit before taxation	Adjusted profit before taxation for the period
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials and third-party costs	+20%	(856)	11,558	(2,704)	29,145	(7,619)	30,661	(6,966)	(44)
	+15%	(642)	11,772	(2,028)	29,821	(5,714)	32,566	(5,225)	1,698
	+10%	(428)	11,986	(1,352)	30,497	(3,810)	34,471	(3,483)	3,439
	+5%	(214)	12,200	(676)	31,173	(1,905)	36,375	(1,742)	5,181
	0%	—	12,414	—	31,849	—	38,280	—	6,922
	-5%	214	12,628	676	32,525	1,905	40,185	1,742	8,664
	-10%	428	12,842	1,352	33,201	3,810	42,090	3,483	10,405
	-15%	642	13,056	2,028	33,877	5,714	43,994	5,225	12,147
	-20%	856	13,270	2,704	34,553	7,619	45,899	6,966	13,888

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	Increase/ (decrease) in percentage	Year ended 31 March				Four months ended 31 July			
		2015		2016		2017		2017	
		(Decrease)/ increase in	Adjusted profit	(Decrease)/ increase in	Adjusted profit	(Decrease)/ increase in	Adjusted profit	(Decrease)/ increase in	Adjusted profit
		profit before taxation	before taxation	profit before taxation	before taxation	profit before taxation	before taxation	profit before taxation	before taxation
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Direct labour	+20%	(1,135)	11,279	(1,268)	30,581	(1,731)	36,549	(368)	6,554
	+15%	(851)	11,563	(951)	30,898	(1,299)	36,981	(276)	6,646
	+10%	(567)	11,847	(634)	31,215	(866)	37,414	(184)	6,738
	+5%	(284)	12,130	(317)	31,532	(433)	37,847	(92)	6,830
	0%	—	12,414	—	31,849	—	38,280	—	6,922
	-5%	284	12,698	317	32,166	433	38,713	92	7,014
	-10%	567	12,981	634	32,483	866	39,146	184	7,106
	-15%	851	13,265	951	32,800	1,299	39,579	276	7,198
	-20%	1,135	13,549	1,268	33,117	1,731	40,011	368	7,290

For illustrative purposes, for the three years ended 31 March 2017 and the four months ended 31 July 2017, it is estimated that we would achieve breakeven on our profit before taxation if our cost of raw materials increased by approximately 290.0%, 235.6%, 100.5% and 19.9% respectively, and if our direct labour costs increased by approximately 218.8%, 502.3%, 442.2% and 376.2% respectively, with all other variables remaining constant.

Preferential taxation policies

Our results of operations are affected by changes in the applicable tax rates in the PRC, where we operate and derive all of our revenue. The enterprise income tax rate generally applicable in the PRC is 25%. Preferential tax treatments are available to certain companies, industries and regions. For example, IBO Shenzhen, our principal operating subsidiary, was recognised as a National High and New Technology Enterprise in 2013, and has been further renewed and extended for 3 years on 15 November 2016 and therefore was entitled to a preferential income tax rate of 15% on its assessable income until 2018. The “National High and New Technology Enterprise” qualification is subject to renewal every three years. We may not be able to continue to enjoy such preferential enterprise income tax rate in the future if we fail to renew such qualification after expiration, which may have a material adverse impact on our results of operations, financial conditions and profitability.

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BASIS OF PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 April 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. In preparation for the Listing, we underwent the Reorganisation. For details of the Reorganisation, please refer to the section headed “History, Reorganisation and Corporate Structure”. As a result of the Reorganisation, our Company became the holding company of the companies now comprising our Group which were under the common control of our Controlling Shareholders prior to and after the Reorganisation. Our Group comprising our Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The historical financial information and condensed consolidated financial statements have been prepared in accordance with HKFRSs, Hong Kong Accounting Standards (“HKASs”), amendments and Interpretations issued by the HKICPA, which are effective for the accounting periods commencing from 1 April 2016 throughout the Track Record Period.

For more information on the basis of presentation and preparation of the historical financial information and condensed consolidated financial statements included herein, please refer to “Accountants’ Report on Historical Financial Information — Notes to the Historical Financial Information — Note 2” in Appendix I to this prospectus.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates refer to those accounting policies and estimates that entail significant uncertainty and judgement, and could yield materially different results under different conditions and/or assumptions. The preparation of the financial information in conformity with HKFRSs requires our management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The methods and approach that we use in determining these items are based on our experience, the nature of our business operations, the relevant rules and regulations and the relevant circumstances. These underlying assumptions and estimates are reviewed regularly as they may have a significant impact on our operational results as reported in our consolidated financial statements included elsewhere in this prospectus.

The significant accounting policies, judgements and estimates are set forth in notes 3 and 4 to the Accountants’ Report on Historical Financial Information in Appendix I to this prospectus. Of all the significant accounting policies, judgements and estimates, those that are the most critical in preparing our Group’s consolidated financial statements include (a) revenue recognition; (b) investment properties; (c) impairment losses (on assets); (d) deferred taxation on investment properties; (e) estimated impairment of trade and retention receivables; and (f) net realisable value of inventories.

Our Directors confirm that the relevant estimates or underlying assumptions made in the past have been generally in line with actual results during the Track Record Period and that we have consistently applied these estimates or underlying assumptions during the Track Record Period. We will continuously assess our assumptions and estimates going forward.

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SUMMARY OF RESULTS OF OPERATIONS OF OUR GROUP

The following table sets forth selected data from our consolidated statements of profit or loss and other comprehensive income for the Track Record Period as extracted from Appendix I to this prospectus:

	Year ended 31 March			Four months ended 31 July	
	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>
				(Unaudited)	
Revenue	29,132	56,934	103,893	15,994	56,944
Cost of sales and services rendered	<u>(12,674)</u>	<u>(22,697)</u>	<u>(50,313)</u>	<u>(7,109)</u>	<u>(37,345)</u>
Gross profit	16,458	34,237	53,580	8,885	19,599
Other income	8,220	8,127	3,715	1,018	570
Other expenses	(945)	(905)	(77)	(75)	(25)
Change in fair value of investment properties	3,300	3,730	1,470	270	70
Other gains and losses	(8)	(564)	(1,229)	(950)	250
Distribution and selling expenses	(737)	(858)	(1,055)	(229)	(226)
Administrative expenses	(6,988)	(6,230)	(7,826)	(2,224)	(2,888)
Finance costs	(5,460)	(4,892)	(2,770)	(1,106)	(789)
Research and development expenses	(1,426)	(796)	(544)	(227)	(1,241)
Listing expenses	<u>—</u>	<u>—</u>	<u>(6,984)</u>	<u>(1,744)</u>	<u>(8,398)</u>
Profit before taxation	12,414	31,849	38,280	3,618	6,922
Income tax expense	<u>(2,697)</u>	<u>(6,973)</u>	<u>(8,835)</u>	<u>(1,245)</u>	<u>(2,928)</u>
Profit and total comprehensive income for the year/period	<u><u>9,717</u></u>	<u><u>24,876</u></u>	<u><u>29,445</u></u>	<u><u>2,373</u></u>	<u><u>3,994</u></u>

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DISCUSSION AND ANALYSIS OF PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

Our Group generates revenue from four segments including (i) the system integration segment; (ii) the intelligent terminal products sales segment; (iii) the system maintenance services segment; and (iv) the software development segment. During the Track Record Period, we derived our revenue from products sold and services provided in the PRC.

The following table sets forth a breakdown of our revenue by operating segments during the Track Record Period:

	2015		Year ended 31 March				Four months ended 31 July			
	RMB'000	%	2016		2017		2016		2017	
			RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
System integration	5,391	18.5	9,058	15.9	41,538	40.0	1,175	7.3	48,697	85.5
Intelligent terminal products sales	4,436	15.2	30,185	53.0	34,301	33.0	6,234	39.0	5,535	9.7
Software development	10,461	35.9	9,790	17.2	21,511	20.7	6,265	39.2	568	1.0
System maintenance services	<u>8,844</u>	<u>30.4</u>	<u>7,901</u>	<u>13.9</u>	<u>6,543</u>	<u>6.3</u>	<u>2,320</u>	<u>14.5</u>	<u>2,144</u>	<u>3.8</u>
Total	<u>29,132</u>	<u>100.0</u>	<u>56,934</u>	<u>100.0</u>	<u>103,893</u>	<u>100.0</u>	<u>15,994</u>	<u>100.0</u>	<u>56,944</u>	<u>100.0</u>

System integration segment

We provide comprehensive and tailor-made system solutions applying IoT technologies for our customers based on our analysis on their needs and requirements, including overall system planning, development and design, procurement of system equipment, integration of software and hardware devices forming the system, system implementation, trial operation and system management and maintenance, etc. For the three years ended 31 March 2017 and the four months ended 31 July 2017, revenue from our system integration projects were approximately RMB5.4 million, RMB9.1 million, RMB41.5 million and RMB48.7 million, respectively, and represented approximately 18.5%, 15.9%, 40.0% and 85.5% of our total revenue, respectively.

Intelligent terminal products sales segment

We develop, produce and sell IoT intelligent terminal products to our customers. Our intelligent terminal products deploy a wide range of technologies, including RFID technology, sensory technology, embedded technology and wireless communication technology. For the three years ended 31 March 2017 and the four months ended 31 July 2017, revenue from our sales of intelligent terminal products were approximately RMB4.4 million, RMB30.2 million, RMB34.3 million and RMB5.5 million, respectively, and represented approximately 15.2%, 53.0%, 33.0% and 9.7% of our total revenue, respectively.

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Software development segment

We provide customised application software development services to our customers. According to our customer's business and management requirements, we plan and design the software system framework and function list for them. After obtaining our customers' approval, we will commence programming the source code. Upon completion and internal testing, the software is delivered to our customer for trial, checking and acceptance. For the three years ended 31 March 2017 and the four months ended 31 July 2017, revenue from our software development was approximately RMB10.5 million, RMB9.8 million, RMB21.5 million and RMB0.6 million, respectively, and represented approximately 35.9%, 17.2%, 20.7% and 1.0% of our total revenue, respectively.

System maintenance services segment

We provide system maintenance service for software and hardware of information systems of which the scope includes maintenance and management for system devices, database maintenance, daily monitoring of the systems and system upgrades. For the three years ended 31 March 2017 and the four month ended 31 July 2017, revenue from our system maintenance services was approximately RMB8.8 million, RMB7.9 million, RMB6.5 million and RMB2.1 million, respectively, and represented approximately 30.4%, 13.9%, 6.3% and 3.8% of our total revenue, respectively.

HKFRS 15 Revenue from contracts with customers and related amendments

In the course of business of our Group, uninstalled materials may exist, given that the materials to be installed are usually delivered by suppliers directly to project sites for immediate consumption and only insignificant amount of inventory is kept at project sites, the installation process of materials is simple and is within quick timeframes, while the development of customised softwares primarily incurred manpower with minimal materials, the Directors of our Group consider our Group did not have significant amount of uninstalled materials as at 31 March 2015, 2016 and 2017 and 31 July 2017, and thus the financial impact of the uninstalled materials in the application of HKFRS 15 is considered insignificant.

The revenue from provision of coordination, management and installation services of smart cities are recognised by reference to the stage of completion of the contract activity at the end of each reporting period, measured by the proportion that the value of work carried out during the year/period, except where this would not be representative of the stage of completion. In accordance with HKFRS 15, output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

The revenue from service fees related to development of customised softwares are recognised by reference to the proportion of total cost of providing the services. In accordance with HKFRS 15, input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

Thus, the Directors of our Group consider that the requirements to recognise revenue over the time under HKFRS 15 is similar to the current revenue recognition policy of the Group and the timing of revenue recognition based on HKFRS 15 would not significantly affect the timing of revenue

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recognition under the current accounting policies. As set out on page I-13 to the Accountants' Report in Appendix I, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on our Group's future financial statements.

Cost of sales and services rendered

The following table sets forth the details of our cost of sales and services rendered for the Track Record Period:

	2015		Year ended 31 March				Four months ended 31 July			
	RMB'000	%	2016		2017		2016		2017	
			RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Raw materials and third-party costs	4,280	33.8	13,521	59.6	38,095	75.8	4,062	57.2	34,830	93.3
Direct labour costs	5,673	44.8	6,341	27.9	8,657	17.2	2,181	30.7	1,840	4.9
Depreciation	665	5.2	709	3.1	712	1.4	230	3.2	76	0.2
Rental expenses	611	4.8	827	3.6	975	1.9	313	4.4	218	0.6
Travelling expenses	823	6.5	878	3.9	758	1.5	192	2.7	242	0.6
Others	622	4.9	421	1.9	1,116	2.2	131	1.8	139	0.4
	<u>12,674</u>	<u>100.0</u>	<u>22,697</u>	<u>100.0</u>	<u>50,313</u>	<u>100.0</u>	<u>7,109</u>	<u>100.0</u>	<u>37,345</u>	<u>100.0</u>
Total										

For the three years ended 31 March 2017 and the four months ended 31 July 2017, our cost of sales and services rendered was approximately RMB12.7 million, RMB22.7 million, RMB50.3 million and RMB37.3 million, respectively. Our cost of sales mainly comprises cost of raw materials and direct labour costs.

Raw materials and third-party costs represent the amounts paid and payable to our suppliers for parts and equipment used in our intelligent terminal products sales and system integration projects and the amounts paid and payable to third-party that we engaged to process and assemble hardware for use or third-party partners we cooperated for certain parts of our projects in our intelligent terminal products sales and system integration projects, and account for most of our cost of sales and services rendered. For the three years ended 31 March 2017 and the four months ended 31 July 2017, the cost of raw materials and third party costs represented approximately 33.8%, 59.6%, 75.8% and 93.3% of our cost of sales and services rendered, respectively.

Direct labour costs represent salaries and benefits provided to our Group's staffs who are directly involved in the provision of our Group's services. For the three years ended 31 March 2017 and for the four months ended 31 July 2017, direct labour costs represented approximately 44.8%, 27.9%, 17.2% and 4.9% of our cost of sales and services rendered, respectively.

Gross profit and gross profit margin

Our gross profit represents the excess of revenue over cost of sales and services rendered. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our gross profit amounted to approximately RMB16.5 million, RMB34.2 million, RMB53.6 million and RMB19.6 million, respectively.

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The following table sets out the breakdown of our gross profit and gross profit margin by operating and reportable segments for the Track Record Period:

	Year ended 31 March						Four months ended 31 July			
	2015		2016		2017		2016		2017	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
System integration	2,499	46.4	5,744	63.4	15,847	38.2	452	38.5	15,444	31.7
Intelligent terminal product sales	1,928	43.5	17,918	59.4	19,359	56.4	2,895	46.4	3,218	58.1
Software development	8,160	78.0	7,660	78.2	16,917	78.6	4,861	77.6	431	75.9
System maintenance services	<u>3,871</u>	43.8	<u>2,915</u>	36.9	<u>1,457</u>	22.3	<u>677</u>	29.2	<u>506</u>	23.6
Overall gross profit and gross profit margin	<u>16,458</u>	56.5	<u>34,237</u>	60.1	<u>53,580</u>	51.6	<u>8,885</u>	55.6	<u>19,599</u>	34.4

Given the nature of our Group's business is project-based, the overall gross profit margin of our Group is affected by our product or service mix. Operating segments such as intelligent terminal product sales and software development are in general more profitable than the segments of system integration and system maintenance, and the gross profit margin of our system integration segment and intelligent terminal product sales segment fluctuated during the Track Record Period due to composition of projects or products sold in the relevant period.

System integration segment

Our gross profit margin for the system integration segment increased from approximately 46.4% for the year ended 31 March 2015 to approximately 63.4% for the year ended 31 March 2016, and decreased to approximately 38.2% for the year ended 31 March 2017 and further to approximately 31.7% for the four months ended 31 July 2017.

The fluctuation of the system integration segment during the Track Record Period was mainly due to commencement of the Intelligent Traffic Control Project in December 2015, which contributed to approximately nil, 56.6%, 100.0% and 42.4% of our revenue in system integration segment during the Track Record Period respectively. The Intelligent Traffic Control Project is separated into different sub-projects based on the overall planning and arrangement of the customer. The sub-projects performed for the year ended 31 March 2016 mainly included the design type sub-project having a relatively higher gross profit margin compared with the installation-type sub-projects performed for the year ended 31 March 2017 and the four months ended 31 July 2017 as primarily staff costs would be incurred for design-type sub-projects but not cost of raw materials nor third-party costs.

Intelligent terminal product sales segment

Our gross profit margin for the intelligent terminal product segment increased from approximately 43.5% for the year ended 31 March 2015 to approximately 59.4% for the year ended 31 March 2016, and remained stable during the year ended 31 March 2017 and the four months ended 31 July 2017.

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Gross profit margin of intelligent terminal product sales during the Track Record Period varied with (i) the level of customisation in the products and (ii) the quantities we sold. The gross profit margin for the year ended 31 March 2015 was lower because a majority of the products we sold were of relatively lower level of customisation. The gross profit margin increased for the year ended 31 March 2016 because the products we sold during the year were highly customised with RFID sensory devices, ultra-energy saving and ultra-protection design against severe environmental condition.

The higher gross profit margin of the intelligent terminal product sales segment of our Group during the Track Record Period was contributed by the following factors:

(i) Passive/active RFID products

According to the F&S Report, passive tags account for major share of the total RFID tag market in terms of sales value due to their low price, small size and relatively simple in terms of design and technology. The active RFID devices have many advantages over passive devices, such as large data transmission volume, longer transmission distance, better compatibility and larger data storage in tag, the most important is that it can transmit data actively. Therefore, in general, active RFID products are more expensive and profitable than passive RFID products.

Our Group focuses on active RFID products. As such, our Group's sale of active RFID products will generally be more profitable. Furthermore, according to the F&S Report, passive RFID tags are relatively standardised and passive tags products from different suppliers are compatible with each other, which means passive RFID tags produced by one supplier are compatible with the readers produced by other suppliers. However, active tags are very exclusive between each other, namely active tags from one supplier are only compatible with the readers produced by the same supplier. Therefore, active tags produced by our Group are of high peculiarity. In addition, as active RFID products are consisted of more components such as battery and communication chips, they can allow more customisation such as integration with RFID sensory devices, etc.

(ii) Product customisation

According to the F&S Report, customised products worth much higher than standardised products, and the gross profit margin depends on the type and depth of customisation done, in which high level of customisation would increase both the selling price and the gross profit margin to above 50%. The intelligent terminal products offered by our Group are customised to meet each individual customers' needs. The customisation provided by our Group ranged from low level of customisation including design of protective cases to high level of customisation including integration with RFID sensory devices, embedded software, explosion-proof and significant reduction of battery usage and diffraction. As the customised products are tailor-made to meet each individual customers' needs that are not to be produced in bulk, in order to recover the time and monetary cost spent on such customisation, it is reasonable for us to charge a higher margin for customised products.

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Other income

Our other income primarily comprised (i) interest income from bank deposits; (ii) interest income from a Director; (iii) rental income; (iv) government grants; and (v) commission income. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our other income amounted to approximately RMB8.2 million, RMB8.1 million, RMB3.7 million and RMB0.6 million, respectively.

The following table sets forth a breakdown of other income for the Track Record Period:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Interest income					
— from bank deposits	660	432	144	3	4
— from amount due from a Director	5,765	5,167	1,035	894	—
Rental income	513	478	576	121	198
Government grants	230	1,973	1,928	—	360
Commission income	<u>1,052</u>	<u>77</u>	<u>32</u>	<u>—</u>	<u>8</u>
 Total	 <u>8,220</u>	 <u>8,127</u>	 <u>3,715</u>	 <u>1,018</u>	 <u>570</u>

Interest income from a Director represented (i) the interest income arising from the secured bank borrowings of our Group which was substantially applied for the Director's personal use and our Group, or the LC Beneficiary, in the case of the LC Financing Arrangement, remitted the amount to the director and/or other parties designated by him shortly after each drawdown, and hence the Director bore all the interest expenses arising from such bank borrowings which carried interest rates ranging from 6.2% to 10.0% per annum for the years ended 31 March 2015 and 2016, and (ii) the relevant taxation and surcharge (including primarily business tax, urban construction and maintenance tax and education surcharges) imposed on the income aforementioned in (i) pursuant to relevant rules and regulations. The

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interest-bearing portion of the amount due from a Director was fully settled in July 2016, since then the Director also ceased to bear the relevant interest expenses. Below sets forth the breakdown of the portion of bank borrowings used to finance our Company's operation and the personal use of Mr. Lai:

	For the year ended		For the	For the	For the
	31 March		four	eight	four
	2015	2016	months	months	months
			ended	ended	ended
			31 July	31 March	31 July
			2016	2017	2017
For the personal use of Mr. Lai	111,000	85,000	13,000	—	—
For our Company's operation	<u>—</u>	<u>—</u>	<u>—</u>	<u>37,000</u>	<u>36,000</u>
Total	<u><u>111,000</u></u>	<u><u>85,000</u></u>	<u><u>13,000</u></u>	<u><u>37,000</u></u>	<u><u>36,000</u></u>

For further details, please refer to the paragraph headed "Analysis of selected items from the consolidated statements of financial positions — Bank borrowings" of this section.

Government grants mainly represented unconditional VAT in excess of 3% refunded by the PRC Government in relation to the income derived from the sales of qualifying software products. According to relevant PRC laws and regulations, qualifying software products include self-developed software products produced during the ordinary and usual course of business of our Group (applicable to an enterprise which satisfy the following criteria: (i) the enterprise shall have obtained certification from the software testing organisation recognised by the relevant authority in respect of the software industry at provincial level; and (ii) the enterprise shall have obtained the software product registration certificate awarded by the relevant intellectual property authority or certificate of registration of computer software copyright awarded by the relevant administrative department for copyright for the subject software product). Pursuant to the Notice of the Ministry of Finance and State Administration of Taxation on Value-added Tax Policies for Software Products (關於軟件產品增值稅政策的通知), which was promulgated by the MOF and State Administration of Taxation on 13 October 2010 and became effective on 1 January 2011, if general VAT taxpayers sell self-developed and produced software products, after VAT has been collected at a tax rate of 17%, the refund-upon-collection policy shall be applied to the part of actual VAT burden in excess of 3%. The said policy came into effect since 2011 and has remained in full force and effect thereafter. For the year ended 31 March 2017, we also received an one-off government grant of approximately RMB0.3 million as support towards our research projects falls under the scope stipulated in the Regions of Advanced Technologies Strongly Supported by the State (國家重點支持的高新技術領域).

Commission income was generated from contracts in relation to the sale of IoT-related products (such as acceleration sensors, GPS modules and communication modules), which are of very specific niche specification. As IBO Shenzhen did not directly produce such specialised products previously, IBO Shenzhen sourced the products from other suppliers. Our Directors confirmed that IBO Shenzhen did not have substantial involvement in the production or modification of the products. Our Directors believe that the customers did not purchase such products directly from the supplier because (i) the products are of very niche specification; and (ii) they have very high requirements on their products; and (iii) they are not engaged in business in relation to IoT market and they lack the professional knowledge

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and experience to assess the production and the quality of the products. In light of the circumstances, our Company capitalised on its professional knowledge and experience in the IoT market over these customers and generated income through (a) assessing suppliers in terms of their manufacturing abilities, technical abilities and quality control; (b) liaising with suppliers on the specification and requirements of the products; (c) monitoring of the production of products; and (d) arranging for the products to be delivered directly from the suppliers to the customers. The brief background information of the relevant customers and supplier are set out below:

Customer	Principal business activities	Parent company
Customer 1	The import and export of goods and technology; wholesale and retail of mineral products, metal materials and products, building materials and products, automotive products and parts, clothing, textile, hardware, electrical appliances, chemical products, electrical and mechanical equipment and spare parts, electronic equipment products and accessories	A state-owned enterprise
Customer 2	Sales of electronic products, automobile and parts, solar products, fire extinguishing equipment, medical equipment	A state-owned enterprise
Customer 3	Aviation lifesaving equipment, program control system and complete set of mechanical equipment, ground testing equipment for aviation, aerospace and shopping projects	A state-owned enterprise
Customer 4	Procurement and supply of mechanical and electronic products, communications equipment, digital products, computers and accessories, industrial robots and other materials	A state-owned enterprise
Supplier 1	Trading and sales of machinery and equipment, electronic equipment, instrument meters and accessories	A trading and manufacturing company based in the PRC established since 1981

As shown in the table above, the customers are mainly subsidiaries of state-owned enterprises while the relevant supplier having a long operating history. Our Directors confirm that (i) the above customers and supplier are Independent Third Parties and are independent from our Company's Directors, senior management and their respective associates; (ii) the relevant customers did not overlap with customers of our Group's core operating segments.

As the abovementioned services do not fall into the four core operating segments (namely system integration, intelligent terminal product sales, software development and system maintenance services), the relevant income was recognised in other income on a net basis. Nevertheless, our Directors are of

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the view that our Group completed the transactions contemplated thereunder with leverage of its experience and reputation accumulated from the operation of its principal businesses, and thus the relevant income is generated in the ordinary and usual course of our Group's business.

Other expenses

Other expenses primarily comprised surcharges on overdue payments to governmental authorities and other compensation expenses. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our other expenses amounted to approximately RMB0.9 million, RMB0.9 million, RMB77,000 and RMB25,000, respectively.

The following table sets forth a breakdown of our other expenses for the Track Record Period:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Surcharges on overdue payments to governmental authorities	(945)	(885)	(8)	(6)	—
Other compensation expenses	<u>—</u>	<u>(20)</u>	<u>(69)</u>	<u>(69)</u>	<u>(25)</u>
	<u><u>(945)</u></u>	<u><u>905</u></u>	<u><u>(77)</u></u>	<u><u>(75)</u></u>	<u><u>(25)</u></u>

Surcharges on overdue payments to governmental authorities primarily represented surcharges imposed on our Group by the PRC Government for outstanding EIT due for payment from October 2011 to December 2015. Our Group has paid out all outstanding EIT and surcharges in full since March 2016. For details, please refer to "Business — Legal Proceedings and Regulatory Compliance".

Change in fair value of investment properties

Our investment properties represented properties held to earn rentals and are stated at fair value. The fair values of our Group's investment properties situated on land in the PRC as at 31 March 2015, 2016 and 2017 and 31 July 2017 have been arrived at on the basis of valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent qualified professional valuers not connected to our Group. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our change in fair value of investment properties amounted to gains of approximately RMB3.3 million, RMB3.7 million, RMB1.5 million and RMB70,000, respectively.

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Other gains and losses

Other gains and losses primarily comprised recognition of impairment on trade receivables and net exchange loss. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our other gains and losses amounted to losses of approximately RMB8,000, RMB0.6 million, RMB1.2 million and gain of RMB0.3 million, respectively.

The following table sets forth a breakdown of our other gains and losses for the Track Record Period:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Recognition of impairment on trade receivables	—	(441)	—	—	—
Net exchange (loss)/gain	(9)	(259)	(1,229)	(950)	250
Loss on disposal of property, plant and equipment	—	(95)	—	—	—
Write off of receipt in advance	1	70	—	—	—
Write off of trade payables	—	161	—	—	—
Total	<u>(8)</u>	<u>(564)</u>	<u>(1,229)</u>	<u>(950)</u>	<u>250</u>

Recognition of impairment on trade receivables of approximately RMB0.4 million incurred during the year ended 31 March 2016 was related to a contract in the sum of approximately RMB0.9 million entered into with a software company. Part of the contract sum was outstanding pending the examination and testing by our client on the final product. Due to the disagreement on some of the product specifications with our client, our Group had entered into a supplemental agreement with the client and reached a mutual agreement that the outstanding sum would not be settled. Therefore, the outstanding amount of trade receivables was recognised as an impairment loss.

Write off of receipt in advance represented advance payments received from customers and was recognised as income when our Group considered that the possibility of future trading with those customers are remote.

Write off of trade payables represented lapse of trade payables when our Group considered that the possibility of repayment and future trading with those suppliers is remote.

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Distribution and selling expenses

Our distribution and selling expenses primarily include (i) staff salaries and welfare benefits for our employees involved in the selling and distribution activities; (ii) advertising expenses for marketing purposes; (iii) rental expenses for staff housing; and (iv) other miscellaneous expenses. Our distribution and selling expenses amounted to approximately RMB0.7 million, RMB0.9 million, RMB1.1 million and RMB0.2 million for the three years ended 31 March 2017 and the four months ended 31 July 2017, respectively, accounting for approximately 2.4%, 1.6%, 1.1% and 0.4% of our total revenue for the corresponding year/period, respectively.

The table below sets forth a breakdown of our distribution and selling expenses:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Staff salaries and welfare benefits	386	523	664	108	132
Advertising expenses	219	155	105	70	1
Rental expenses	48	52	63	21	20
Others	<u>84</u>	<u>128</u>	<u>223</u>	<u>30</u>	<u>73</u>
Total	<u><u>737</u></u>	<u><u>858</u></u>	<u><u>1,055</u></u>	<u><u>229</u></u>	<u><u>226</u></u>

Administrative expenses

Our administrative expenses primarily include (i) staff salaries and welfare benefits for management and administrative personnel; (ii) taxes other than income tax expense paid to the relevant PRC regulatory authorities; (iii) rental expenses for our office; (iv) car expenses; and (v) other miscellaneous expenses. Our administrative expenses amounted to approximately RMB7.0 million, RMB6.2 million, RMB7.8 million and RMB2.9 million for the three years ended 31 March 2017 and the four months ended 31 July 2017, respectively, accounting for approximately 24.1%, 10.9%, 7.5% and 5.1% of our total revenue for the corresponding year/period, respectively.

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The table below sets forth a breakdown of our administrative expenses:

	Year ended 31 March						Four months ended 31 July			
	2015		2016		2017		2016		2017	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Staff salaries and welfare benefits	4,183	59.9	3,115	50.0	4,449	56.8	1,137	51.1	1,579	54.7
Business tax and surcharges	395	5.7	819	13.1	817	10.4	110	4.9	186	6.4
Rental expenses	550	7.9	591	9.5	708	9.0	241	10.8	578	20.0
Car expenses	436	6.2	365	5.9	380	4.9	128	5.8	114	3.9
Water, electricity and management fees	129	1.8	184	3.0	138	1.8	46	2.1	122	4.2
Printing and stationery	262	3.7	148	2.4	183	2.3	84	3.8	69	2.4
Consulting fees	239	3.4	196	3.1	208	2.7	91	4.1	57	2.0
Depreciation	451	6.5	338	5.4	211	2.7	52	2.3	26	0.9
Others	343	4.9	474	7.6	732	9.4	335	15.1	157	5.5
Total	6,988	100.0	6,230	100.0	7,826	100.0	2,224	100.0	2,888	100.0

Finance costs

Our finance costs represented interest expenses on bank borrowings. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our finance costs amounted to approximately RMB5.5 million, RMB4.9 million, RMB2.8 million and RMB0.8 million, respectively.

Research and development expenses

Our research and development expenses incurred primarily include (i) staff salaries and welfare benefits; (ii) rental expenses; (iii) water, electricity and management fees; and (iv) depreciation. Our research and development expenses were approximately RMB1.4 million, RMB0.8 million, RMB0.5 million and RMB1.2 million for the three years ended 31 March 2017 and the four months ended 31 July 2017, respectively, accounting for approximately 4.8%, 1.4%, 0.5% and 2.1% of our total revenue for the corresponding year/period, respectively.

The table below sets forth a breakdown of our research and development expenses:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Staff salaries and welfare benefits	979	545	418	153	910
Rental expenses	156	93	60	23	96
Water, electricity and management fees	37	29	12	4	19
Depreciation	147	85	29	36	153
Others	107	44	25	11	63
Total	1,426	796	544	227	1,241

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Listing expenses

Our listing expenses for the year ended 31 March 2017 and the four months ended 31 July 2017 were approximately RMB7.0 million and RMB8.4 million, representing approximately 6.7% and 14.8% of our total revenue for the year/period.

Income tax expense

Income tax expense primarily consists of provisions for PRC current and deferred tax expenses. For the three years ended 31 March 2017 and the four months ended 31 July 2017, our income tax expense was approximately RMB2.7 million, RMB7.0 million, RMB8.8 million and RMB2.9 million, respectively, and our effective tax rate was approximately 21.8%, 22.0%, 23.0% and 42.0% for the respective year/period, respectively.

Our Company and subsidiaries were incorporated in different jurisdictions, with different taxation requirements illustrated as follows:

Cayman Islands and BVI

Pursuant to the rules and regulations of the Cayman Islands and BVI, our Group is not subject to any income tax in the Cayman Islands and BVI.

Hong Kong

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits. No Hong Kong profits tax has been provided as the subsidiary in Hong Kong did not have assessable profits which are subject to Hong Kong profits tax during the Track Record Period.

PRC

Pursuant to the EIT Law which became effective on 1 January 2008, our PRC subsidiaries are subject to enterprise income tax at a statutory rate of 25% on the assessable income derived during the Track Record Period. However, our principal operating subsidiary, IBO Shenzhen, was qualified as a “National High and New Technology Enterprise” in 2013, and was entitled a preferential income tax rate of 15% for the three years 2013 to 2015. With the approval of its renewal application for the “National High and New Technology Enterprise” status which was extended for 3 years on 15 November 2016, IBO Shenzhen is allowed to adopt the 15% tax rate for EIT reporting purpose until 2018.

According to Article 30(1) of the EIT Law, Article 95 of the EIT Rules and the related administrative procedures issued by the State of General Administration of taxation (including 國稅發[2008]116號 and 財稅[2015]119號), IBO Shenzhen is eligible to enjoy additional 50% deductible allowance for calculating EIT purposes on qualifying research and development expenses for new technology, new products and new production techniques incurred during the Track Record Periods. For the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017, our Group’s qualifying research and development expenses were approximately nil and RMB2.9 million, nil and nil, respectively.

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Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we have paid all relevant taxes applicable to us and had no disputes or unresolved tax issues with relevant tax authorities.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

For the four months ended 31 July 2017 compared to the four months ended 31 July 2016

Revenue

Our total revenue increased significantly by approximately RMB40.9 million, or 2.6 times, from approximately RMB16.0 million for the four months ended 31 July 2016 to approximately RMB56.9 million for the four months ended 31 July 2017. While the revenue contributed by the system maintenance services segment remained stable, the increase was primarily attributable to the following:

- (i) the significant growth in the system integration segment by approximately RMB47.5 million, or 39.6 times, from approximately RMB1.2 million for the four months ended 31 July 2016 to approximately RMB48.7 million for the four months ended 31 July 2017. The increase in the system integration segment was mainly contributed by (i) the Intelligent Traffic Control Project regarding the construction of an intelligent traffic control system in Ürümqi, Xinjiang which accounted for approximately 36.3% of our total revenue for the four months ended 31 July 2017; and (ii) a new system integration project regarding the construction and installation of fiber optical networks in Beijing which accounted for approximately 29.6% of our total revenue for the four months ended 31 July 2017;

Net off by:

- (ii) the decrease in revenue for the software development segment of approximately RMB5.7 million, or 90.5%, from approximately RMB6.3 million for the four months ended 31 July 2016 to approximately RMB0.6 million for the four months ended 31 July 2017, which was mainly due to the revenue recognised of two software development projects with revenue recognised of approximately RMB 6.3 million for the development of integrated operations management information system software for the four months ended 31 July 2016. These two software development projects were completed during the year ended 31 March 2017.

Cost of sales and services rendered

Our cost of sales and services rendered increased by approximately RMB30.2 million, or 4.3 times, from approximately RMB7.1 million for the four months ended 31 July 2016 to approximately RMB37.3 million for the four months ended 31 July 2017. The increases in cost of sales and services rendered was primarily attributed to (i) the increase in raw materials and third-party costs of approximately RMB30.7 million, as resulted from the significant increase in system integration segment driven by the two projects as discussed above. In particular, the Intelligent Traffic Control Project mainly increased the costs of raw materials while our Group cooperated with third parties for certain parts of the works in the Optical Fibre Networks Project, thereby increasing the third party costs. Such increase is partially net off by (ii) the decrease in staff costs and rental expenses of approximately RMB0.4 million and RMB0.1 million respectively driven by the decrease in number of software development projects for the four months ended 31 July 2017.

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Gross profit and gross profit margin

Our gross profit increased by approximately RMB10.7 million, or 120.2% from approximately RMB8.9 million for the four months ended 31 July 2016 to approximately RMB19.6 million for the four months ended 31 July 2017. The increase was primarily attributable to the increase in gross profit in the system integration segment of approximately RMB14.9 million, or 29.8 times, from approximately RMB0.5 million for the four months ended 31 July 2016 to RMB15.4 million for the four months ended 31 July 2017. The increase was mainly due to the increase in revenue contributed by the Intelligent Traffic Control Project and the project regarding the construction and installation of fiber optical networks in Beijing for the four months ended 31 July 2017.

Our gross profit margin decreased from approximately 55.6% for the four months ended 31 July 2016 to approximately 34.4% for the four months ended 31 July 2017. The decrease was mainly contributed by the lower gross profit margin of the Intelligent Traffic Control Project due to the larger scale with project sum of approximately RMB113.5 million.

Other income

Our other income decreased by approximately RMB0.4 million, or 40.0% from approximately RMB1.0 million for the four months ended 31 July 2016 to approximately RMB0.6 million for the four months ended 31 July 2017. Such change was mainly caused by the decrease in interest income from amount due from a director of approximately RMB0.9 million due to the full settlement of outstanding interest-bearing amount due from a Director before the start of the period.

Other gains and losses

Our other gains and losses changed from loss of approximately RMB1.0 million for the four months ended 31 July 2016 to gain of RMB0.3 million for the four months ended 31 July 2017, which was mainly due to the change of net exchange loss of approximately RMB1.0 million for the four months ended 31 July 2016 to net exchange gain of approximately RMB0.3 million for the four months ended 31 July 2017.

Distribution and selling expenses

Our distribution and selling expenses remained stable for the four months ended 31 July 2017 compared with the four months ended 31 July 2016.

Administrative expenses

Our administrative expenses increased by approximately RMB0.7 million, or 31.8%, from approximately RMB2.2 million for the four months ended 31 July 2016 to approximately RMB2.9 million for the four months ended 31 July 2017. Such change was mainly due to the (i) increase in staff salaries and welfare benefits of approximately RMB0.5 million, primarily due to the increase in number of administrative staff for the four months ended 31 July 2017; and (ii) increase in rental expense of approximately RMB0.4 million due to the lease of new Xinjiang office for IBO Shenzhen (XJ) since October 2016.

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Finance costs

Our finance costs decreased by approximately RMB0.3 million, or 27.3% from approximately RMB1.1 million for the four months ended 31 July 2016 to approximately RMB0.8 million for the four months ended 31 July 2017. Such change was due to the decrease in average outstanding bank borrowings due to repayment of part of the bank borrowings.

Research and development expenses

Our research and development expenses increased by approximately RMB1.0 million, or 5.0 times from approximately RMB0.2 million for the four months ended 31 July 2016 to approximately RMB1.2 million for the four months ended 31 July 2017, which was mainly due to more focus was placed on the research and development to further broaden our collective expertise and resources.

Listing expenses

We had recognised approximately RMB8.4 million listing expenses for the four months ended 31 July 2017 while only approximately RMB1.7 million listing expense was recognised for the four months ended 31 July 2016.

Income tax expense

Our income tax expense increased by approximately RMB1.7 million, or 141.7% from approximately RMB1.2 million for the four months ended 31 July 2016 to approximately RMB2.9 million for the four months ended 31 July 2017 as a result of our increased profit before taxation. Our effective tax rate increased from approximately 33.3% for the four months ended 31 July 2016 to approximately 42.0% for the four months ended 31 July 2017 which was mainly due to the increase in tax effect of expenses not deductible for tax purposes (mainly including listing expenses). The effective tax rate excluding listing expenses would be approximately 22.6% and 19.0% for the four months ended 31 July 2016 and 2017 respectively.

Profit and total comprehensive income and net profit margin for the period

As a result of the foregoing, our profit and total comprehensive income increased by approximately RMB1.6 million, or 66.7% from approximately RMB2.4 million for the four months ended 31 July 2016 to approximately RMB4.0 million for the four months ended 31 July 2017. Our net profit margin decreased from approximately 15.0% for the four months ended 31 July 2016 to approximately 7.0% for the four months ended 31 July 2017, which was mainly due to the decrease in gross profit margin and the increase in listing expenses incurred of approximately RMB6.7 million for the four months ended 31 July 2017 compared with the four months ended 31 July 2016.

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For the year ended 31 March 2017 compared to the year ended 31 March 2016

Revenue

Our total revenue increased significantly by approximately RMB47.0 million, or 82.6%, from approximately RMB56.9 million for the year ended 31 March 2016 to approximately RMB103.9 million for the year ended 31 March 2017. The increase was primarily attributable to the following:

- (i) the significant growth in the system integration segment by approximately RMB32.4 million, or 3.6 times, from approximately RMB9.1 million for the year ended 31 March 2016 to approximately RMB41.5 million for the year ended 31 March 2017. The increase in the system integration segment was mainly contributed by the Intelligent Traffic Control Project regarding the construction of an intelligent traffic control system in Ürümqi, Xinjiang which accounted for approximately 40.0% of our total revenue for the year ended 31 March 2017;
- (ii) the increase in revenue for the intelligent terminal products sales segment by approximately RMB4.1 million, or 13.6%, from approximately RMB30.2 million for the year ended 31 March 2016 to approximately RMB34.3 million for the year ended 31 March 2017. The major intelligent terminal products sales transaction for the year ended 31 March 2016 was contributed by sales to Golden Spring of approximately RMB24.3 million, due to the fact that the business operation for Golden Spring was project-oriented and hence the demand of intelligent terminal products for the year will fluctuate based on individual project's needs. For the year ended 31 March 2017, the sales to Golden Spring amounted to approximately RMB4.8 million. Our Group also entered into intelligent terminal sales agreements with an IoT technologies company, with total sales amounted of approximately RMB19.7 million for the year, which contributed to approximately 19.0% of our total revenue for the year ended 31 March 2017; and
- (iii) the increase in revenue for the software development segment of approximately RMB11.7 million, or 119.4%, from approximately RMB9.8 million for the year ended 31 March 2016 to approximately RMB21.5 million for the year ended 31 March 2017, which was mainly due to the commencement of a new project in June 2016 for the development of an integrated operations management information system software for Golden Spring with amount of approximately RMB9.1 million. The project was completed in November 2016;

net off by:

- (iv) the decrease in revenue for the system maintenance services segment by approximately RMB1.4 million, or 17.7%, from approximately RMB7.9 million for the year ended 31 March 2016 to approximately RMB6.5 million for the year ended 31 March 2017, which was due to the completion of a system maintenance service contract before the year ended 31 March 2017.

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Cost of sales and services rendered

Our cost of sales and services rendered increased by approximately RMB27.6 million, or 121.6%, from approximately RMB22.7 million for the year ended 31 March 2016 to approximately RMB50.3 million for the year ended 31 March 2017. The increases in cost of sales and services rendered was primarily attributed to the increase in raw materials and third-party manufacturing costs and direct labour costs of approximately RMB24.6 million and RMB2.4 million, respectively, as resulted from the significant increase in system integration segment driven by the Intelligent Traffic Control Project for the year ended 31 March 2017.

Gross profit and gross profit margin

Our gross profit increased by approximately RMB19.4 million, or 56.7% from approximately RMB34.2 million for the year ended 31 March 2016 to approximately RMB53.6 million for the year ended 31 March 2017. The increase was primarily attributable to the following:

- (i) the increase in gross profit in the system integration segment of approximately RMB10.1 million, or 177.2%, from approximately RMB5.7 million for the year ended 31 March 2016 to RMB15.8 million for the year ended 31 March 2017. The increase was mainly due to the increase in revenue contributed by the Intelligent Traffic Control Project.
- (ii) the increase in gross profit in the software development segment of approximately RMB9.2 million, or 119.5%, from approximately RMB7.7 million for the year ended 31 March 2016 to RMB16.9 million for the year ended 31 March 2017. The increase was mainly due to the increase in gross profit contributed by the commencement of a new project in June 2016 for the development of an integrated operations management information system software for Golden Spring.

Our gross profit margin decreased from approximately 60.1% for the year ended 31 March 2016 to approximately 51.6% for the year ended 31 March 2017. The decrease was mainly due to the decrease in gross profit margin for the system integration segment driven by the lower gross profit margin of approximately 38.2% for the Intelligent Traffic Control Project, in which the transaction accounted for approximately 40.0% of our total revenue for the year ended 31 March 2017. The overall gross profit margin of the Intelligent Traffic Control Project was expected to be lower than other projects due to the larger scale of project with contract sum of approximately RMB113.5 million, while the Intelligent Traffic Control Project is separated into different sub-projects based on the overall planning and arrangement of the customer and the sub-projects performed for the year ended 31 March 2016 mainly included the design type sub-project which have a relatively higher gross margin compared with the installation type sub-projects performed for the year ended 31 March 2017 as primarily staff costs would be incurred for design type sub-project but not cost of raw materials nor third-party costs.

Other income

Our other income decreased by approximately RMB4.4 million, or 54.3% from approximately RMB8.1 million for the year ended 31 March 2016 to approximately RMB3.7 million for the year ended 31 March 2017. Such change was mainly caused by the decrease in interest income from amount due from a director of approximately RMB4.2 million due to the decrease in the average outstanding interest-bearing amount due from a Director.

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Other expenses

Our other expenses decreased by approximately RMB0.8 million, from approximately RMB0.9 million for the year ended 31 March 2016 to approximately RMB77,000 for the year ended 31 March 2017, which was due to the decrease of surcharges on overdue payments to governmental authorities and compensation expense of approximately RMB0.8 million.

Other gains and losses

Our other gains and losses increased by approximately loss of RMB0.6 million or 100.0% from approximately loss of RMB0.6 million for the year ended 31 March 2016 to RMB1.2 million for the year ended 31 March 2017. The increase was mainly due to the increase in approximately RMB0.9 million of net exchange loss for the year ended 31 March 2017.

Distribution and selling expenses

Our distribution and selling expenses slightly increased by approximately RMB0.2 million, or 22.2% from approximately RMB0.9 million for the year ended 31 March 2016 to approximately RMB1.1 million for the year ended 31 March 2017. Such change was mainly due to the increase in staff salaries and welfare benefits of the selling and marketing staff.

Administrative expenses

Our administrative expenses increased by approximately RMB1.6 million, or 25.8%, from approximately RMB6.2 million for the year ended 31 March 2016 to approximately RMB7.8 million for the year ended 31 March 2017. Such change was mainly due to the increase in staff salaries and welfare benefits of approximately RMB1.3 million, primarily due to the employment of a new executive officer for the preparation of the Listing.

Finance costs

Our finance costs decreased by approximately RMB2.1 million, or 42.9% from approximately RMB4.9 million for the year ended 31 March 2016 to approximately RMB2.8 million for the year ended 31 March 2017. Such change was due to the decrease in average outstanding bank borrowings due to repayment of part of the bank borrowings from 31 March 2016 to 31 March 2017.

Research and development expenses

Our research and development expenses decreased by approximately RMB0.3 million, or 37.5% from approximately RMB0.8 million for the year ended 31 March 2016 to approximately RMB0.5 million for the year ended 31 March 2017. Such change was due to the fact that more system engineers devoted effort to the Intelligent Traffic Control Project from their original position of performing research and hence relevant expenses were captured in cost of sales during the year.

Listing expenses

We had recognised approximately RMB7.0 million listing expenses for the year ended 31 March 2017 while no listing expense was recognised for the year ended 31 March 2016.

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Income tax expense

Our income tax expense increased by approximately RMB1.8 million, or 25.7% from approximately RMB7.0 million for the year ended 31 March 2016 to approximately RMB8.8 million for the year ended 31 March 2017 as a result of our increased profit before taxation. Our effective tax rate increased from approximately 22.0% for the year ended 31 March 2016 to approximately 23.0% for the year ended 31 March 2017 which was mainly due to the increase in tax effect of expenses not deductible for tax purposes.

Profit and total comprehensive income and net profit margin for the year

As a result of the foregoing, our profit and total comprehensive income increased by approximately RMB4.5 million, or 18.1% from approximately RMB24.9 million for the year ended 31 March 2016 to approximately RMB29.4 million for the year ended 31 March 2017. Our net profit margin decreased from approximately 43.7% for the year ended 31 March 2016 to approximately 28.3% for the year ended 31 March 2017, which was mainly due to the decrease in gross profit margin and the listing expenses incurred of approximately RMB7.0 million for the year.

For the year ended 31 March 2016 compared to the year ended 31 March 2015

Revenue

Our total revenue increased by approximately RMB27.8 million, or 95.5%, from approximately RMB29.1 million for the year ended 31 March 2015 to approximately RMB56.9 million for the year ended 31 March 2016. The increase was primarily attributable to the following:

- (i) the increase in revenue for the system integration segment by approximately RMB3.7 million, or 68.5%, from approximately RMB5.4 million for the year ended 31 March 2015 to approximately RMB9.1 million for the year ended 31 March 2016. The increase in the revenue in the system integration segment was mainly contributed by the recognition of revenue for the design type sub-project of the Intelligent Traffic Control Project of approximately RMB5.1 million; and
- (ii) the significant growth in the intelligent terminal products sales segment by approximately RMB25.8 million, or 5.9 times, from approximately RMB4.4 million for the year ended 31 March 2015 to approximately RMB30.2 million for the year ended 31 March 2016. The increase in the intelligent terminal products sales was mainly contributed by intelligent terminal products sales to Golden Spring, which accounted for approximately 42.7% of our total revenue, or approximately 80.5% of our revenue from trading of intelligent terminal products, for the year ended 31 March 2016. The intelligent terminal products sold to Golden Spring included active RFID tags, RFID reading devices, RFID reading locator etc.;

net off by:

- (iii) the decrease in revenue for the software development segment of approximately RMB0.7 million, or 6.7%, from approximately RMB10.5 million for the year ended 31 March 2015 to approximately RMB9.8 million for the year ended 31 March 2016, which was mainly due to a major project had been approximately 60% complete during the year ended 31 March 2015

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and the remaining was completed during the year ended 31 March 2016. Other contracts for the two years are generally comparable in size and contract sum and were completed in the corresponding year; and

- (iv) the decrease in revenue for the system maintenance service segment of approximately RMB0.9 million, or 10.2%, from approximately RMB8.8 million for the year ended 31 March 2015 to approximately RMB7.9 million for the year ended 31 March 2016 which was contributed by the lower price upon renewal of contract with the major client which had a long business relationship with our Group.

Cost of sales and services rendered

Our cost of sales and services rendered increased by approximately RMB10.0 million, or 78.7%, from approximately RMB12.7 million for the year ended 31 March 2015 to approximately RMB22.7 million for the year ended 31 March 2016. The increase in cost of sales and services rendered was primarily attributed to (i) the increase in raw materials and third-party manufacturing costs of approximately RMB9.2 million, as resulted from the significant increase in intelligent terminal products sales with Golden Spring for the year ended 31 March 2016; and (ii) the increase in direct labour costs of approximately RMB0.6 million which was attributable to the transfer of administrative staff to perform project-based operation and also the increase in monthly minimum wages in Shenzhen. Starting from 1 March 2015, the monthly minimum wage of Shenzhen increased from RMB1,808 to RMB2,030.

Gross profit and gross profit margin

Our gross profit increased by approximately RMB17.7 million, or 107.3% from approximately RMB16.5 million for the year ended 31 March 2015 to approximately RMB34.2 million for the year ended 31 March 2016. The increase was primarily attributable to the following:

- (i) the increase in gross profit in the system integration segment of approximately RMB3.2 million, or 128.0%, from approximately RMB2.5 million for the year ended 31 March 2015 to RMB5.7 million for the year ended 31 March 2016. The increase was mainly due to the higher gross profit margin of the Intelligent Traffic Control Project. The Intelligent Traffic Control Project is separated into different sub-projects and the sub-projects performed during the year ended 31 March 2016 mainly included the design type sub-project with a relatively higher gross profit margin as staff costs was the major costs incurred; and
- (ii) the increase in gross profit in intelligent terminal products sales segment of approximately RMB16.0 million, or 8.4 times, from approximately RMB1.9 million for the year ended 31 March 2015 to RMB17.9 million for the year ended 31 March 2016. The increase was mainly due to significant growth of revenue in the intelligent terminal products sales segment contributed by sales to Golden Spring with a higher gross profit margin of approximately 61.7% which accounted for 80.5% of our revenue from sales of intelligent terminal products. The higher gross profit margin was due to the products sold to Golden Spring for the year ended 31 March 2016 were highly customised with RFID sensory devices, ultra-energy saving and ultra protection design against severe environmental condition.

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Our gross profit margin increased from approximately 56.5% in 2015 to approximately 60.1% in 2016. The increase was mainly due to the higher gross profit margin of sales to Golden Spring as discussed above.

Other income

Our other income remained stable for the years ended 31 March 2015 and 2016. The slight decrease of approximately RMB0.1 million, or 1.2% was caused by (i) the increase in government grants of approximately RMB1.8 million relating to the unconditional value added taxes refund by the PRC Government in relation to sales of qualifying technological products during the year ended 31 March 2016 which was due to more products were regarded as qualifying technological products by the PRC Government for the year; offset by (ii) the drop of commission income of approximately RMB1.0 million as our Group participated in less sales of goods on the basis that the goods were delivered by our suppliers and transported from the suppliers' warehouses directly to customers' warehouses for the year; and (iii) decrease in interest income from amount due from a director of RMB0.6 million due to the decrease in outstanding interest-bearing amount due from the Director.

Other expenses

Our other expenses remained stable for the years ended 31 March 2015 and 2016.

Other gains and losses

The increase of loss for the year ended 31 March 2016 was mainly due to (i) the increase in impairment loss recognised on trade receivables of approximately RMB0.4 million; and (ii) the increase in net exchange loss of approximately RMB0.3 million; net-off by (iii) the increase due to the written off of receipt in advance and trade payables of RMB0.2 million.

Distribution and selling expenses

Our distribution and selling expenses increased by approximately RMB0.2 million, or 28.6% from approximately RMB0.7 million for the year ended 31 March 2015 to approximately RMB0.9 million for the year ended 31 March 2016. Such change was mainly due to the increase in staff salaries and welfare benefits of the selling and marketing staff of approximately RMB0.1 million which was driven by the increase in average number of selling and marketing staff.

Administrative expenses

Our administrative expenses decreased by approximately RMB0.8 million, or 11.4%, from approximately RMB7.0 million for the year ended 31 March 2015 to approximately RMB6.2 million for the year ended 31 March 2016. Such change was mainly due to the decrease in staff salaries and welfare benefits of approximately RMB1.1 million, primarily resulted from the decreased number of administrative staff which were transferred to perform project-based operation; offset by the increase in business tax and surcharges of approximately RMB0.4 million due to increase in other tax driven by the increase in income.

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Finance costs

Our finance costs decreased by approximately RMB0.6 million, or 10.9% from approximately RMB5.5 million for the year ended 31 March 2015 to approximately RMB4.9 million for the year ended 31 March 2016. Such change was due to the decrease in the average outstanding bank borrowings balance from 31 March 2015 to 31 March 2016.

Research and development expenses

Our research and development expenses decreased by approximately RMB0.6 million, or 42.9% from approximately RMB1.4 million for the year ended 31 March 2015 to approximately RMB0.8 million for the year ended 31 March 2016. Such change was due to the fact that more system engineers devoted effort to system integration projects from their original position of performing research and hence relevant expenses were captured in cost of sales during the year.

Income tax expense

Our income tax expense increased by approximately RMB4.3 million, or 159.3% from approximately RMB2.7 million for the year ended 31 March 2015 to approximately RMB7.0 million for the year ended 31 March 2016 as a result of our increased profit before taxation. Our effective tax rates for the years ended 31 March 2015 and 2016 remained stable.

Profit and total comprehensive income and net profit margin for the year

As a result of the foregoing, our profit and total comprehensive income increased by approximately RMB15.2 million, or 156.7% from approximately RMB9.7 million for the year ended 31 March 2015 to approximately RMB24.9 million for the year ended 31 March 2016. Our net profit margin increased from approximately 33.3% for the year ended 31 March 2015 to approximately 43.8% for the year ended 31 March 2016, which was mainly due to the increase in gross profit margin and decrease in administrative expenses, finance costs and research and development expenses for the year ended 31 March 2016.

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our liquidity requirements through cash flows from operations, banking borrowings and loans from a Director. Our primary liquidity requirements are to fund working capital, capital expenditures and payments of principal and interest due on our borrowings.

There were no material changes in our underlying drivers of sources and uses of cash during the Track Record Period.

Going forward, our Group expects to fund our working capital and other liquidity requirements with a combination of various sources, including cash generated from operations, bank borrowings, the net proceeds from the Listing as well as other external debt financing when the needs come.

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The following table sets out a summary of our net cash flows for the Track Record Period:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Net cash (used in) from operating activities	(335)	9,117	19,340	(3,127)	10,095
Net cash (used in) from investing activities	(23,254)	30,875	60,771	63,426	13,558
Net cash from (used in) financing activities	<u>23,327</u>	<u>(35,999)</u>	<u>(52,853)</u>	<u>(28,548)</u>	<u>(18,956)</u>
Net (decrease) increase in cash and cash equivalents	(262)	3,993	27,258	31,751	4,697
Cash and cash equivalents at the beginning of year/period	<u>579</u>	<u>317</u>	<u>4,310</u>	<u>4,310</u>	<u>31,568</u>
Cash and cash equivalents at the end of year/period, represented by bank balances and cash	<u><u>317</u></u>	<u><u>4,310</u></u>	<u><u>31,568</u></u>	<u><u>36,061</u></u>	<u><u>36,265</u></u>

Operating activities

During the Track Record Period, our cash inflow from operating activities was principally from the receipt of proceeds from our sale of products and services rendered. Our cash outflow used in operating activities was principally for procurement of raw materials, staff costs, rental expenses and other expenses.

Four months ended 31 July 2017

Our net cash from operating activities was approximately RMB10.1 million for the four months ended 31 July 2017, primarily as a result of operating cash flows of approximately RMB7.9 million before net positive changes in working capital of approximately RMB3.7 million and tax payment of approximately RMB1.5 million. Changes in working capital primarily consisted of combined effects of the following:

Cash inflow:

- (i) the increase in trade and other payables of approximately RMB32.7 million; and
- (ii) the decrease in inventories of approximately RMB0.3 million.

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Cash outflow:

- (iii) the increase in trade and other receivables of approximately RMB28.4 million; and
- (iv) the increase in amount due from a customer for contract works of approximately RMB0.9 million.

Year ended 31 March 2017

Our net cash from operating activities was approximately RMB19.3 million for the year ended 31 March 2017, primarily as a result of operating cash flows of approximately RMB39.3 million before net negative changes in working capital of approximately RMB15.5 million and tax payment of approximately RMB4.5 million. Changes in working capital primarily consisted of combined effects of the following:

Cash inflow:

- (i) the decrease in amount due from related companies of approximately RMB8.0 million mainly due to subsequent settlement by related companies;
- (ii) the decrease in inventories of approximately RMB0.5 million; and
- (iii) the increase in trade and other payables of approximately RMB5.1 million.

Cash outflow:

- (iv) the increase in trade and other receivables of approximately RMB24.8 million; and
- (v) the increase in amount due from a customer for contract works of approximately RMB4.3 million related to the Intelligent Traffic Control Project.

Year ended 31 March 2016

Our net cash from operating activities was approximately RMB9.1 million for the year ended 31 March 2016, primarily as a result of operating cash flows of approximately RMB28.8 million before net negative changes in working capital of approximately RMB11.3 million and tax payment of approximately RMB8.4 million. Changes in working capital primarily consisted of combined effects of the following:

Cash inflow:

- (i) the decrease in inventories of approximately RMB0.8 million.

Cash outflow:

- (ii) the increase in amount due from related companies of approximately RMB5.1 million which was mainly driven by the service income from development of customised softwares for a related company;

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- (iii) the increase in trade and other receivables of approximately RMB4.2 million;
- (iv) the decrease in trade and other payables of approximately RMB1.5 million; and
- (v) the decrease in deferred income of approximately RMB1.5 million.

Year ended 31 March 2015

Our net cash used in operating activities was approximately RMB0.3 million for the year ended 31 March 2015, primarily as a result of operating cash flows of approximately RMB9.4 million before net negative changes in working capital of approximately RMB9.7 million. Changes in working capital primarily consisted of combined effects of the following:

Cash inflow:

- (i) the increase in trade and other payables of approximately RMB1.1 million.

Cash outflow:

- (ii) the increase in amounts due from related companies of approximately RMB2.8 million which was mainly driven by the service income from development of customised softwares for a related company;
- (iii) the increase in inventories of approximately RMB1.3 million;
- (iv) the increase in trade and other receivables of approximately RMB5.0 million; and
- (v) the decrease in deferred income of approximately RMB1.7 million.

Explanations of fluctuations of the aforesaid items from the consolidated statements of financial position are set out in the paragraph headed “Analysis of selected items from the consolidated statements of financial position” in this section.

Investing activities

Four months ended 31 July 2017

Our net cash used in investing activities was approximately RMB13.6 million for the four months ended 31 July 2017, primarily attributable to (i) repayment from a Director of RMB126.0 million; net-off by (ii) advance to a Director of approximately RMB112.3 million.

Year ended 31 March 2017

Our net cash used in investing activities was approximately RMB60.8 million for the year ended 31 March 2017, primarily attributable to (i) repayment from a Director of RMB116.7 million; (ii) withdrawal of pledged bank deposit of approximately RMB13.0 million; (iii) repayment from a related company of approximately RMB4.5 million; and (iv) interest received from bank and a Director of approximately RMB1.2 million; net-off by (v) advance to a Director of approximately RMB73.0 million.

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Year ended 31 March 2016

Our net cash from investing activities was approximately RMB30.9 million for the year ended 31 March 2016, primarily attributable to (i) the repayment from a Director of RMB108.9 million; (ii) the withdrawal of pledged bank deposit of approximately RMB14.0 million; and (iii) the interest received from bank and a Director of approximately RMB7.2 million; net-off by (iv) the advances to a Director of approximately RMB84.4 million; (v) the advance to a related company of approximately RMB1.8 million; and (vi) the placement of pledged bank deposit of approximately RMB13.0 million.

Year ended 31 March 2015

Our net cash used in investing activities was approximately RMB23.3 million for the year ended 31 March 2015, primarily attributable to (i) the repayment from a Director of approximately RMB99.9 million; and (ii) the interest received from bank and a Director of approximately RMB5.8 million; net-off by (iii) the advances to a Director of approximately RMB127.5 million; and (iv) advance to a related company of approximately RMB1.3 million.

Financing activities

Four months ended 31 July 2017

Our net cash used in financing activities was approximately RMB19.0 million for the four months ended 31 July 2017, primarily attributable to (i) repayment to a Director of approximately RMB19.5 million; and (ii) repayment of bank borrowing of approximately RMB10.4 million; net-off by (iii) the new bank loan raised of approximately RMB10.8 million; and (iv) the loan from a director of approximately RMB2.1 million.

Year ended 31 March 2017

Our net cash used in financing activities was approximately RMB52.9 million for the year ended 31 March 2017, primarily attributable to (i) the new bank loan raised of approximately RMB50.0 million; and (ii) the loan from a director of approximately RMB8.8 million; net-off by (iii) repayment of bank borrowing of approximately RMB70.9 million; (iv) dividend payment of approximately RMB35.7 million; (v) interest paid of approximately RMB2.8 million; and (vi) repayment to a Director of approximately RMB1.0 million.

Year ended 31 March 2016

Our net cash used in financing activities was approximately RMB36.0 million for the year ended 31 March 2016, primarily attributable to (i) the proceeds from bank borrowings of approximately RMB85.0 million; and (ii) the loan from a Director of approximately RMB18.6 million; net-off by (iii) the repayments of bank borrowings of approximately RMB117.8 million; (iv) the interest paid of approximately RMB4.9 million; and (v) repayment to a Director of approximately RMB16.9 million.

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Year ended 31 March 2015

Our net cash from financing activities was approximately RMB23.3 million for the year ended 31 March 2015, primarily attributable to (i) the proceeds from bank borrowings of approximately RMB111.0 million; and (ii) the loan from a Director of approximately RMB0.6 million; net-off by (iii) repayments of bank borrowings of approximately RMB82.8 million; and (iv) interest paid of approximately RMB5.5 million.

NET CURRENT ASSETS

The following table sets forth the breakdown our current assets, current liabilities and net current assets as at 31 March 2015, 2016 and 2017, 31 July 2017 and 31 October 2017, being the latest practicable date for determining our Group's indebtedness:

	As at 31 March			As at 31 July 2017	As at 31 October 2017
	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
Current assets					
Inventories	2,979	2,158	1,635	1,319	3,617
Trade and other receivables	38,776	40,881	67,013	98,011	151,124
Amounts due from a customer for contract work	—	—	4,266	5,209	7,116
Amount due from a Director	84,070	59,595	15,980	2,270	2,208
Amounts due from related companies	4,493	11,382	115	245	118
Pledged bank deposit	14,000	13,000	—	—	—
Bank balances and cash	<u>317</u>	<u>4,310</u>	<u>31,568</u>	<u>36,265</u>	<u>32,431</u>
Total current assets	<u>144,635</u>	<u>131,326</u>	<u>120,577</u>	<u>143,319</u>	<u>196,614</u>
Current liabilities					
Trade and other payables	12,019	10,321	15,379	49,459	80,490
Amount due to a Director	8,057	9,710	17,519	121	121
Tax payables	4,503	2,847	5,061	7,211	10,897
Bank borrowings	89,260	56,500	35,600	36,000	34,500
Deferred income	<u>1,471</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total current liabilities	<u>115,310</u>	<u>79,378</u>	<u>73,559</u>	<u>92,791</u>	<u>126,008</u>
Net current assets	<u>29,325</u>	<u>51,948</u>	<u>47,018</u>	<u>50,528</u>	<u>70,607</u>

As at 31 March 2015, 2016, and 2017 and 31 July 2017, our net current assets amounted to RMB29.3 million, RMB51.9 million, RMB47.0 million and RMB50.5 million, respectively. Our net current assets increased by approximately RMB22.6 million from approximately RMB29.3 million as at 31 March 2015 to approximately RMB51.9 million as at 31 March 2016, primarily due to the (i)

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increase in trade and other receivables of approximately RMB2.1 million; (ii) increase in amounts due from related companies of approximately RMB6.9 million; (iii) increase in bank balances and cash of approximately RMB4.0 million; (iv) decrease in trade and other payables of approximately RMB1.7 million; (v) decrease in tax payables of approximately RMB1.7 million; and (vi) decrease in bank borrowings of approximately RMB32.8 million; net off by the (vii) decrease in amount due from a Director of approximately RMB24.5 million; and (viii) increase in amount due to a Director of approximately RMB1.6 million.

Our net current assets decreased by approximately RMB4.9 million from approximately RMB51.9 million as at 31 March 2016 to approximately RMB47.0 million as at 31 March 2017, primarily due to the (i) increase in trade and other payables of approximately RMB5.1 million; (ii) increase in amount due to a Director of approximately RMB7.8 million; (iii) increase in tax payables of approximately RMB2.3 million; (iv) decrease in amount due from a Director of approximately RMB43.6 million; and (v) decrease in amount due from related companies of approximately RMB11.3 million; net-off by the (vi) increase in trade and other receivables of approximately RMB26.1 million; (vii) increase in bank balances and cash of approximately RMB27.3 million; and (viii) decrease in bank borrowings of approximately RMB20.9 million.

Our net current assets increased by approximately RMB3.5 million from approximately RMB47.0 million as at 31 March 2017 to approximately RMB50.5 million as at 31 July 2017, primarily due to the (i) increase in trade and other receivables of approximately RMB31.0 million due to business expansion; (ii) increase in bank balances and cash of approximately RMB4.7 million; and (iii) decrease in amount due to a Director of approximately RMB17.4 million; net-off by the (iv) increase in trade and other payables of approximately RMB34.1 million; (v) decrease in amount due from a Director of approximately RMB13.7 million; and (vi) increase in tax payables of approximately RMB2.1 million.

As at 31 October 2017, being the latest practicable date for determining our Group's indebtedness, our net current assets increased by approximately RMB20.1 million from approximately RMB50.5 million as at 31 July 2017 to approximately RMB70.6 million as at 31 October 2017, primarily due to (i) the increase in trade and other receivables of approximately RMB53.1 million and net off by (ii) the increase in trade and other payables of approximately RMB31.0 million.

ANALYSIS OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Inventories

Our inventories comprise of raw materials and finished goods. Raw materials primarily refer to electronic materials, including chips, high-speed wire, stainless steel, polycarbonates (PC), and acrylonitrile butadiene styrene (ABS) for casing and other electronic parts, while finished goods represent mainly RFID tags, RFID sensory devices, RFID reading devices and vehicle intelligent devices. Our inventories accounted for approximately 2.1%, 1.6%, 1.4% and 0.9% of our total current assets as at 31 March 2015, 2016 and 2017 and 31 July 2017, respectively. Due to the large variety of raw materials that we purchase and the rapidly changing technology, we generally only keep a limited level of inventory and only place orders with suppliers upon confirmation of orders from customers on a back-to-back basis.

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The following table sets forth the components of our inventories as at the dates indicated:

	As at 31 March			As at
	2015	2016	2017	31 July
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	1,215	874	687	684
Finished goods	<u>1,764</u>	<u>1,284</u>	<u>948</u>	<u>635</u>
	<u>2,979</u>	<u>2,158</u>	<u>1,635</u>	<u>1,319</u>

Our inventories decreased by approximately RMB0.8 million, or 26.7%, from approximately RMB3.0 million as at 31 March 2015 to approximately RMB2.2 million as at 31 March 2016. The decrease in inventories was mainly due to (i) the decrease in raw materials by approximately RMB0.3 million; and (ii) the decrease in finished goods by approximately RMB0.5 million, both of which were caused by increased sales near the close of the year ended 31 March 2016.

Our inventories decreased by approximately RMB0.6 million, or 27.3%, from approximately RMB2.2 million as at 31 March 2016 to approximately RMB1.6 million as at 31 March 2017 and further decreased by approximately RMB0.3 million to approximately RMB1.3 million as at 31 July 2017. The decrease in inventories was mainly due to our Group has accepted larger contracts in the system integration business segment in which lower inventory level was kept by our Group due to the decrease in sales of intelligent terminal products.

The following table sets forth a summary of inventory turnover days for the Track Record Period:

	Year ended 31 March			Four
	2015	2016	2017	months
				ended
				31 July
				2017
Inventory turnover days (<i>Note</i>)	67	41	14	5

Note: Inventory turnover days is calculated by the average balance of inventories, divided by the cost of sales and services rendered for the respective year/period, and multiplied by the number of days in the respective year/period. The average of inventories is the arithmetic mean of the opening and closing balances of inventories for the respective year/period.

Our Inventories turnover days for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017 were approximately 67 days, 41 days, 14 days and 5 days, respectively. The decreasing trend of inventories turnover days was consistent with our Group's policy to keep a limited level of inventory.

As at Latest Practicable Date, approximately RMB0.7 million or 53.2% of our total inventories as at 31 July 2017 had been subsequently utilised.

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Trade and other receivables

Our trade and other receivables mainly represented trade receivables, other receivables, deposits and prepayments. Our trade and other receivables as at 31 March 2015, 2016 and 2017 and 31 July 2017 amounted to approximately RMB38.8 million, RMB40.9 million, RMB67.0 million and RMB98.0 million, respectively.

The following table sets forth a breakdown of our trade and other receivable as at the dates indicated:

	As at 31 March			As at
	2015	2016	2017	31 July
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	8,056	21,624	53,265	84,919
Retention receivables	121	449	339	1,648
Prepayments	1,199	15,850	8,163	4,875
Deferred listing expenses	—	—	1,753	4,308
Rental deposits	320	540	563	563
Other receivables	29,080	455	1,298	1,698
VAT recoverable	—	1,963	1,632	—
	<u>—</u>	<u>1,963</u>	<u>1,632</u>	<u>—</u>
Total	<u>38,776</u>	<u>40,881</u>	<u>67,013</u>	<u>98,011</u>

Trade and retention receivables

Our trade receivables represented the balances due from our customers for goods sold and services rendered. Our retention receivables represented the retention money withheld by our customers until the expiry of the defect liability period. The balance of trade receivables increased from approximately RMB8.1 million as at 31 March 2015 to approximately RMB21.6 million as at 31 March 2016. Such increase was primarily due to the recognition of revenue derived from (i) the Intelligent Traffic Control Project in Xinjiang in the system integration segment which generated approximately RMB5.1 million for the year ended 31 March 2016; and (ii) the highest revenue-generating project in the software development segment for the year ended 31 March 2016 of approximately RMB4.7 million, both occurred in the first quarter of 2016.

During the year ended 31 March 2015, there was a novation of trade receivables with aggregate carrying amount of approximately RMB27.1 million from our Group to a non-financial institution, an independent third party, without recourse during that year. The novation was reflected in a reclassification of the relevant amount from trade receivables to other receivables during the year ended 31 March 2015. The full amount was subsequently and fully received by our Group in March 2016.

The balance of trade receivables further increased to RMB53.3 million as at 31 March 2017. Such increase was primarily due to the recognition of revenue derived from the Intelligent Traffic Control Project, which is the largest project of our Group for the year ended 31 March 2017, and the intelligent terminal products sales with Golden Spring in the fourth quarter of 2016.

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The balance of trade receivables further increased to RMB85.0 million as at 31 July 2017. Such increase was primarily due to the recognition of revenue derived from the Intelligent Traffic Control Project and a new system integration project, which were the two largest projects of our Group for the four months ended 31 July 2017.

Our Group's credit period ranges from 30 days to 180 days. Retention receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts, normally within 1 year from the date of completion of the respective project.

The following table sets out an aged analysis of our trade and retention receivables net of allowance for doubtful debts presented based on dates of delivering of goods/payment certificates/invoice dates, as at the dates indicated:

	As at 31 March			As at
	2015	2016	2017	31 July
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0–30 days	1,752	6,638	7,673	29,934
31–90 days	1,082	6,812	7,496	27,496
91–180 days	4,194	2,752	36,616	2,277
Over 180 days	1,149	5,871	1,819	26,860
Total	8,177	22,073	53,604	86,567

Before accepting any new customer, our Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit terms granted to customers are reviewed regularly. The majority of our Group's trade receivables that are neither past due nor impaired have no history of default on repayments.

Included in our Group's trade and retention receivables balances as at 31 March 2015, 2016 and 2017 and 31 July 2017 are debtors with aggregate carrying amounts of approximately RMB1.1 million, RMB5.9 million, RMB1.8 million respectively and RMB26.9 million, or approximately 13.4%, 26.7%, 3.4% and 31.1% of our total trade and retention receivables respectively, which were past due at the end of each reporting period for which our Group has not provided for impairment loss. Our Group does not hold any collateral over these balances.

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The following table sets forth a summary of trade receivables turnover days for the Track Record Period:

	Year ended 31 March			Four months ended 31 July
	2015	2016	2017	2017
Trade receivables turnover days (<i>Note</i>)	68	97	133	150

Note: Trade receivables turnover days is calculated by the average balance of trade and retention receivables, divided by revenue for the respective year/period, and multiplied by the number of days in the respective year/period. The average of trade receivables is the arithmetic mean of the opening and closing balances of trade and retention receivables for the respective year/period.

Our trade receivable turnover days for the years ended 31 March 2015, 2016 and 2017 and the four months ended 31 July 2017 were approximately 68 days, 97 days, 133 days and 150 days, respectively, which are within the range of credit period of 30 to 180 days. The relatively longer trade receivables turnover days for the years ended 31 March 2016 and 2017 and the four months ended 31 July 2017 were in line with the increase in the balance of trade and retention receivables as at 31 March 2016 and 2017 and 31 July 2017. As our Group's business is carried out on a project basis, our balance of trade receivables at a point of time may fluctuate subject to the size and progress of our projects. As a result, the average turnover days for trade and retention receivables may also be affected. As at the Latest Practicable Date, no impairment allowance is necessary in respect of our trade receivables balances as there has not been a significant change in the credit quality of our trade receivables and the balances are considered fully recoverable.

Our policy for impairment loss on trade and retention receivables is based on specific evaluation of collectability of individual receivables, which requires the use of judgment and estimates. Provisions are applied to the receivables when there are events or changes in circumstances which indicate that the balances may not be collectible. We closely review our trade receivables balances and any overdue balances on an ongoing basis to assess the collectability of overdue balances.

An impairment on trade receivables of approximately RMB441,000 was recognised and written off during the year ended 31 March 2016.

As at Latest Practicable Date, approximately RMB26.2 million or 30.2% of our total outstanding trade receivables as at 31 July 2017 had been subsequently settled. The outstanding trade receivables not yet settled as at Latest Practicable Date amounted to approximately RMB60.4 million, which included trade receivables from the customer of the Intelligent Traffic Control Project that were past due but not impaired with combined amount of approximately RMB18.3 million, which also led to the increase in trade receivables turnover days. The customer was a state-owned enterprise and its settlement was not made on timely basis as the settlements needed to go through a series of approval processes by the government, which was the ultimate user of the project. Having considered (i) the background of the customer and the ultimate user; (ii) the past payment record; and (iii) the relationship with and the understanding of the customer, our Directors consider that no impairment was needed for the outstanding trade receivables balances owed by the customer.

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Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables primarily consist of prepayments to suppliers for the purchase of raw materials and equipment, deposits paid for rental and other receivables.

The following table sets forth a breakdown of our other receivables as at the dates indicated:

	As at 31 March			As at
	2015	2016	2017	31 July
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	1,199	15,850	8,163	4,875
Deferred listing expenses	—	—	1,753	4,308
Rental deposits	320	540	563	563
Other receivables	29,080	455	1,298	1,698
VAT recoverable	—	1,963	1,632	—
Total	30,599	18,808	13,409	11,444

Our prepayments, deposits and other receivables decreased by approximately RMB11.8 million, or 38.6%, from approximately RMB30.6 million as at 31 March 2015 to approximately RMB18.8 million as at 31 March 2016. Such decrease was principally attributable to (i) significant decrease of other receivables from approximately RMB29.1 million as at 31 March 2015 to approximately RMB0.5 million as at 31 March 2016, as resulted from the receipt of the full renovated amount of approximately RMB27.1 million during the year ended 31 March 2016; net off by (ii) significant increase of prepayments from approximately RMB1.2 million as at 31 March 2015 to approximately RMB15.9 million as at 31 March 2016, as resulted primarily from the advance payments to suppliers for the purchase of raw materials and equipment required for the system integration work for the Intelligent Traffic Control Project, which was the largest project in the system integration segment for the year ended 31 March 2016 and 2017, amounted to approximately RMB15.1 million.

Our prepayments, deposits and other receivables decreased by RMB5.4 million, or 28.7%, from approximately RMB18.8 million as at 31 March 2016 to approximately RMB13.4 million as at 31 March 2017. Such decrease was principally attributable to (i) the decrease in prepayments of RMB7.7 million to suppliers for the purchase of raw materials required for the system integration work of the Intelligent Traffic Control Project due to the subsequent completion of corresponding work; and (ii) the decrease of VAT recoverable of approximately RMB0.4 million; net-off by the (iii) increase of deferred listing expenses of approximately RMB1.8 million.

Our prepayments, deposits and other receivables further decreased by approximately RMB2.0 million, or 14.9%, from approximately RMB13.4 million as at 31 March 2017 to approximately RMB11.4 million as at 31 July 2017. Such decrease was principally attributable to (i) the decrease in prepayment of RMB3.3 million to suppliers for the purchase of raw materials and equipment required for the system integration work of the Intelligent Traffic Control Project due to the subsequent completion of corresponding work; and (ii) the decrease of VAT recoverable of approximately RMB1.6 million; net-off by the (iii) increase in deferred listing expenses of approximately RMB2.5 million.

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Amount due from/to a Director

The table below sets forth the amount due from/to a Director as at the dates indicated:

	As at 31 March			As at
	2015	2016	2017	31 July
	RMB'000	RMB'000	RMB'000	2017 RMB'000
Amount due from Mr. Lai	<u>84,070</u>	<u>59,595</u>	<u>15,980</u>	<u>2,270</u>
Amount due to Mr. Lai	<u>8,057</u>	<u>9,710</u>	<u>17,519</u>	<u>121</u>

The amount due from a Director is non-trade nature, unsecured and repayable on demand. Except for the amounts due from a Director of approximately RMB3.1 million which is non-interest bearing as at 31 March 2016, the remaining balance of approximately RMB56.5 million as at 31 March 2016 and the whole balance as at 31 March 2015 and 2017 and 31 July 2017 are interest bearing that carried interest at rates ranging from 6.2% to 10% per annum. The interest-bearing portion of amount due from a director represented a substantial portion of our the secured bank borrowings, which was substantially drawn down by our Group for the personal use of a director. Our Group or the LC Beneficiary, in the case of the LC Financing Arrangement, remitted the relevant bank borrowings to the director and/or other parties designated by him shortly after each drawdown. The outstanding amount due from a Director as at 31 March 2017 will be fully settled prior to the Listing. For further details, please refer to the paragraph headed “Bank borrowings” of this section.

The amount due to a Director is non-trade nature, unsecured, non-interest bearing and repayable on demand.

Amounts due from related companies

The following table sets out our amounts due from related companies as at the dates indicated:

	As at 31 March			As at
	2015	2016	2017	31 July
	RMB'000	RMB'000	RMB'000	2017 RMB'000
Qianhai Tonglian ^(Note 1)	—	3,150	—	—
Shenzhen Wenwu Tax Consultant Co., Ltd. (深圳市文武稅務師事務所有限 責任公司) ^(Note 2)	172	249	—	—
Shenzhen Che Jia Automobile Development Co., Ltd. (深圳市車家汽車發展 有限公司) ^(Note 3)	1,555	3,377	—	130
Qianhai Banban ^(Note 4)	2,766	4,606	—	—
Shine Well ^(Note 5)	—	—	115	115
Total	<u>4,493</u>	<u>11,382</u>	<u>115</u>	<u>245</u>

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Notes:

- (1) The amount due from Qianhai Tonglian was of trade nature in relation to development of customised softwares with ageing over 180 days presented based on date of delivery services, unsecured, non-interest bearing and repayable on demand, which was fully settled in June 2016.
- (2) The amount due from Shenzhen Wenwu Tax Consultant Co., Ltd., which was controlled by Mr. Lai until May 2016, was in relation to rental of office premises. The amount was unsecured, non-interest bearing and repayable on demand, which was no longer regarded as amount due from related companies since May 2016.
- (3) The amount due from Shenzhen Che Jia Automobile Development Co., Ltd., which is controlled by close family member of Mr. Lai, is of non-trade nature, unsecured, non-interest bearing and repayable on demand. The balance as at 31 July 2017 was fully settled in August 2017.
- (4) The amount due from Qianhai Banban, was of trade nature in relation to development of customised softwares, unsecured, non-interest bearing and repayable on demand which was fully settled in December 2016.
- (5) The amount due from Shine Well, is of non-trade nature, unsecured, non-interest bearing and repayable on demand. The amounts are expected to be settled in full prior to the listing.

RELATED PARTIES TRANSACTIONS

During the Track Record Period, we entered into certain related party transactions, the details of which are set out below:

	Year ended 31 March			Four months ended
	2015	2016	2017	31 July
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Service income from development of customised software for Qianhai Banban	<u>2,766</u>	<u>1,840</u>	<u>—</u>	<u>—</u>
Service income from development of customised software for Qianhai Tonglian	<u>—</u>	<u>3,150</u>	<u>—</u>	<u>—</u>
Rental income from Shenzhen Wenwu Tax Consultant Co., Ltd. (深圳市文武稅務師事務所有限責任公司)	<u>73</u>	<u>77</u>	<u>11</u>	<u>—</u>
Interest income from Mr. Lai	<u>5,765</u>	<u>5,167</u>	<u>1,035</u>	<u>—</u>

Our Directors confirmed that the above related party transactions, which were entered into after arm's length negotiations between our Group and the respective related parties, are fair and reasonable, on normal commercial terms and are not more favourable to that offered by our Group to other Independent Third Parties in contracts of similar nature.

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Service income from development of customised softwares for Qianhai Banban

Qianhai Banban was established in September 2015 which was ultimately held as to 80% by Ms. Ho and as to 20% by Mr. KM Lai at the material time, as one of the Lai's family side businesses. Qianhai Banban is principally engaged in the provision of internet and/or social media advertising and marketing services to small to medium sized enterprises (“SME(s)”) in the PRC. Its principal business is primarily operated *via* an online platform (the “**Banban Platform**”), whereby registered users can be connected to various internet and/or social media cooperative partners through the Banban Platform. The Banban Platform also offers to its users mobile officing functions free of charge to encourage extensive corporate usage of the platform to promote its advertising and marketing services.

The origin of the business initiative to embark on the internet and/or social media advertising and marketing services business was first proposed and initiated by Mr. Lai's son, Mr. KM Lai, in 2013. National policies of the PRC during that period encouraged and were supportive of technological innovation and the development of mobile applications. At that time, Mr. KM Lai had just graduated from university and was desirous of starting his own business.

To assist him in setting up the business, Mr. KM Lai also invited two of his friends (namely, Mr. Qin Chao (秦超) (“**Mr. Qin**”) and Mr. Zhou Junyi (周君一) (“**Mr. Zhou**”) who were Independent Third Parties as confirmed by our Directors) to join him in his start-up business (Mr. KM Lai, Mr. Qin and Mr. Zhou shall be collectively referred as the “**Banban Founding Team**”). Mr. KM Lai believed that Mr. Qin and Mr. Zhou would be able to provide him with valuable advice and assistance in the process. Mr. Qin was previously (a) the director of operations of a network technology company based in the PRC responsible for the functional design, coding and operational client data processing and analysis of online platforms; (b) and the branch manager of another network technology company based in the PRC responsible for the development and maintenance of client platforms. Mr. Zhou was previously the manager assistant of a trading company based in the PRC responsible for e-commerce works.

Based on their research and study on the markets, and in light of the growing popularity of smart phones, the rapid expansion of mobile servicing applications, and the upsurge in social media, the Banban Founding Team were of the view that a mobile application which integrates mobile officing services with internet and/or social media advertising and marketing resources, can satisfy SMEs' needs for an online platform offering highly efficient officing function with integration with shortcuts to service providers for advertising and marketing initiative, and accordingly would form the fundamental direction of their start-up business (the “**Banban Business**”).

During the Track Record Period, we entered into one contract with Qianhai Banban in October 2015 in relation to the development of the Banban Platform and recognised revenue of approximately RMB2.8 million for the year ended 31 March 2015 and approximately RMB1.8 million for the year ended 31 March 2016, together representing approximately 5.4% of the total revenue for the two years ended 31 March 2016. The Banban Platform is a comprehensive online platform, which includes the online website, mobile application and the background support database and system. The Banban Platform developed and delivered by our Group forms the essential and fundamental backbone of Qianhai Banban's integrated and computerised business model, and was officially launched in March

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2016. To the best knowledge of our Directors, our Group was not the sole supplier of Qianhai Banban on the overall operating level and our Directors confirm that Qianhai Banban had not returned any product supplied by our Group.

As at the Latest Practicable Date, the Banban Platform had a total of more than 2,000 SME customers. Our Directors consider the engagement in respect of the development of the Banban Platform represents the one-off demand of fundamental system setup for its principal business operation and is consistent with our Group's typical engagement in respect of its software development operations, which is project-based and non-recurring in nature.

As (i) material terms of the agreement (including pricing, payment terms, credit period and warranty) are in-line with comparable agreements in terms of contract sum and contract period entered into by our Group; (ii) the quotation provided by our Group was found at the lower end among the quotations obtained by Qianhai Banban; and (iii) our Company's gross profit margin from the agreement is consistent with that of our Group's other business dealings with Independent Third Parties of similar nature, our Directors confirmed that the above transaction with Qianhai Banban, which was entered into after arm's length negotiations between our Group and Qianhai Banban, are fair and reasonable, on normal commercial terms and are not more favourable to those offered by our Group to other Independent Third Parties in contracts of similar nature.

Mr. Lai supported his son's start-up business financially, and in return, 80% interest in the business was held by his wife, Ms. Ho. As at July 2016, Mr. Lai had made capital investments on behalf of Mr. KM Lai by way of loans to Qianhai Banban in the total amount of RMB1.033 million as start-up working capital for the Banban Business. Mr. KM Lai was fully responsible for the management and daily operation of Qianhai Banban. Mr. KM Lai was the chairman and CEO of Qianhai Banban and was responsible for the overall business strategic planning and the management and daily operations of the Banban Business. The senior management also included (i) Mr. Qin, who acted as the product director and was responsible for technological support and the design of internet products; and (ii) Mr. Zhou, who acted as the marketing director and was responsible for marketing and advertising.

In May 2016, Mr. Lai was introduced to Mr. Chen Zhongling (陳忠玲) (“**Mr. Chen**”) through a friend, who indicated interest in acquiring the Banban Business. Mr. Chen was previously the deputy general manager of a technology company based in the PRC, and has expertise in the internet and information technology industries and has invested in various internet projects.

Despite the Banban Platform's successful official launch in March 2016, Mr. Lai and Mr. KM Lai were of the view that the terms offered by Mr. Chen for the transfer of the Banban Business were acceptable and more commercially beneficial to the family after considering various factors, namely (1) Mr. Chen had offered to acquire the Banban Business at an aggregate consideration of RMB0.94 million and to assume all of the liabilities of Qianhai Banban (including the loans of RMB1.033 million advanced by Mr. Lai to Qianhai Banban and the consideration payable of RMB4.6 million to IBO Shenzhen for the development of the Banban Platform). Therefore, if the proposed acquisition consummated, Mr. Lai and Mr. KM Lai would be able to recover both the initial capital investment of RMB1.033 million injected into Qianhai Banban by way of loan and the consideration of RMB0.94 million, representing a return on investment of approximately 91.0%; (2) at that time, Qianhai Banban has not yet achieved breakeven and the cashflow of Qianhai Banban was tight. It was expected that large amounts of capital would be further required for sustaining its future operation and pushing forward

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business growth for extended periods; and (3) Mr. KM Lai was overwhelmed by the heavy burden in balancing between his start-up business and family life. Mr. Lai and Mr. KM Lai, having evaluated the advantages and disadvantages of the transfer based on the considering factors above, reached a consensus that it was an appropriate opportunity to capitalise on their investment in Qianhai Banban for a reasonably satisfactory return to streamline the family capital resources and utilise the relevant capital resources to focus on bringing Mr. Lai's main business in our Group to new heights and to lessen the burden on Mr. KM Lai.

In August 2016, the parties reached an agreement that Ms. Ho and Mr. KM Lai shall sell their respective shares in Smart Point to a holding company wholly-owned by Mr. Chen at an aggregate consideration of RMB0.94 million for the share transfers, which represented the net asset value of Qianhai Banban pursuant to the valuation report on Qianhai Banban issued by an independent valuer engaged by Mr. Chen for the purpose of the transfer of Qianhai Banban. The net assets of Qianhai Banban included mainly intangible asset of RMB6.5 million, net off by the loans of RMB1.033 million advanced by Mr. Lai to Qianhai Banban and the consideration payable of RMB4.6 million to IBO Shenzhen for the development of the Banban Platform.

After the acquisition, Mr. Chen, as the sole ultimate beneficial owner of Qianhai Banban, will be entitled to the share of both the assets and liabilities of the Qianhai Banban. According to the agreement, Mr. Chen shall settle the consideration of RMB0.94 million and repay the loans advanced in the total amount of RMB1.033 million by Mr. Lai to Qianhai Banban within 30 days after completion of the acquisition. The payment of the aggregate consideration for the share transfers and the repayment of the loans advanced by Mr. Lai to Qianhai Banban were settled by Mr. Chen in August 2016. Notwithstanding the disposal of the Banban Business to Mr. Chen, Mr. Qin continued to hold a senior management position in Qianhai Banban after the disposal and up to the Latest Practicable Date.

Service income from development of customised softwares for Qianhai Tonglian

Qianhai Tonglian was established in September 2014 which was ultimately held as to 80%, 15% and 5% by Mr. Lai and two other Independent Third Parties respectively as at the Latest Practicable Date. Qianhai Tonglian is principally engaged as a chain online-to-offline (O2O) automobile aftermarket service provider under the brand name of “Carplus” (車家快修), providing one-stop automobile repair and beauty services to its customers. Qianhai Tonglian's business focuses on utilising the internet and other online channels to consolidate an advanced management system and unified supply channel to optimise efficiency as compared to the conventional business model.

The origin of the business initiative to embark on the O2O automobile aftermarket service business was first proposed and initiated by Mr. Pang Baisheng (龐伯勝) (“**Mr. Pang**”), an Independent Third Party currently effectively holding 15% interest in Qianhai Tonglian.

In September 2013, Mr. Lai was asked by a mutual friend whether he would be interested in investing in a business idea initiated by Mr. Pang and his partner, which essentially is to set up a chain automobile aftermarket service business under an O2O business model (the “**Carplus Business**”).

Mr. Pang and his partner had extensive experience in both the automobile-related market and the new media. Mr. Pang was previously (i) the new media and client relationship director of the corporate servicing department of the China office of a multinational information technology company responsible for developing the company's big data and new media business in China and providing

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advisory services automotive manufacturers; (ii) the project manager of a technology company based in the PRC responsible for system design for foreign manufacturing software and domestic automotive manufacturers; and (iii) the head of the production and execution department of another technology company based in the PRC responsible for the production, development and implementation of manufacturing execution system (MES) products for equipment production with major clients including passenger carriage and automotive manufacturers. His partner, Mr. Zhang Ye (張野) (“**Mr. Zhang**”), was previously (i) the production technology engineer and project engineer for the China subsidiary of a electronics company based in Japan; (ii) the head of the production department of the China subsidiary of another electronics company based in Japan; and (iii) the project manager of a company specialising in automotive air-conditioning systems based in the PRC.

Mr. Lai was of the view that Mr. Pang and Mr. Zhang were competent and capable and that the Carplus Business idea was viable and an investment opportunity full of potential. Mr. Lai was also impressed by the innovation in the Carplus Business O2O model which combines the traditional automobile aftermarket with the internet and mobile application technologies, which is in-line with the changing retail spending and lifestyle trends in the PRC. Accordingly, Mr. Lai agreed to invest in the Carplus Business.

During the Track Record Period, we entered into one contract with Qianhai Tonglian in September 2014 in relation to the development of a comprehensive O2O cloud computing management platform for Qianhai Tonglian’s Carplus business operations (the “**Carplus Platform**”) and recognised approximately RMB3.2 million during the year ended 31 March 2016, representing approximately 3.7% of the total revenue for the two years ended 31 March 2016. The Carplus Platform includes the online platform, mobile application and the background support database and system. The Carplus Platform forms the essential and fundamental backbone of Qianhai Tonglian’s O2O business model. To the best knowledge of our Directors, our Group was not the sole supplier of Qianhai Tonglian and our Directors confirmed that Qianhai Tonglian had not returned any product supplied by our Group.

As at the Latest Practicable Date, Qianhai Tonglian had a total of five physical outlets in Shenzhen and the Carplus Platform had a total of approximately 56,000 registered users. Our Directors consider the engagement in respect of the development of the Carplus Platform represents the one-off demand of fundamental system setup for Qianhai Tonglian’s O2O business and is consistent with our Group’s typical engagement in respect of its software development operations, which is project-based and non-recurring in nature.

As (i) material terms of each of the agreements (including pricing, payment terms, credit period and warranty) are in-line with comparable agreements in terms of contract sum and contract period entered into by our Group; (ii) the quotation provided by our Group was found at the lower end among the quotations obtained by Qianhai Tonglian; and (iii) our Company’s gross profit margin from the agreement is consistent with that of our Group’s other business dealings with Independent Third Parties of similar nature, our Directors confirmed that the above transaction with Qianhai Tonglian, where was entered into after arm’s length negotiations between our Group and Qianhai Tonglian, are fair and reasonable, on normal commercial terms and are not more favourable to those offered by our Group to other Independent Third Parties in contracts of similar nature.

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Interest income from Mr. Lai

For details of the interest income from Mr. Lai, please refer to the paragraph headed “Other income” and “Bank borrowings” of this section.

Based on the forgoing, our Directors are of the view that the aforesaid related party transactions would not distort our financial results during the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

Pledged bank deposit

Pledged bank deposit represents a deposit pledged to a bank to secure banking facilities and a bank borrowing granted to our Group. The pledged bank deposit carried fixed interest rate at 4.7% and 1.3% per annum as at 31 March 2015 and 2016, respectively. Pledged bank deposit amounted to approximately RMB14.0 million and RMB13.0 million as at 31 March 2015 and 2016, respectively. The banking facilities ceased in May 2016 and hence there was no pledged bank deposit as at 31 March 2017 and 31 July 2017.

Trade and other payables

Our trade and other payables mainly represented trade payables, other payables and accruals. Our trade and other payables as at 31 March 2015, 2016 and 2017 and 31 July 2017 amounted to approximately RMB12.0 million, RMB10.3 million, RMB15.4 million and RMB49.5 million, respectively.

The following table sets forth a breakdown of our trade and other payables as at the dates indicated:

	As at 31 March			As at
	2015	2016	2017	31 July
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	4,956	4,308	5,779	29,726
Other payables and accruals	7,063	6,013	9,600	19,733
Total	12,019	10,321	15,379	49,459

Trade payables

Our trade payables mainly represented amounts payable to our suppliers for the purchases of parts and equipment used in our intelligent terminal products sales and system integration projects.

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The following is an aged analysis of our trade payables presented based on the receipts of goods or services/payment certificates/invoice dates as at the dates indicated:

	As at 31 March			As at
	2015	2016	2017	31 July
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2017
				<i>RMB'000</i>
0–30 days	837	957	3,260	12,905
31–60 days	1,341	199	—	7,733
61–90 days	—	—	—	4,177
Over 90 days	<u>2,778</u>	<u>3,152</u>	<u>2,519</u>	<u>4,911</u>
Total	<u><u>4,956</u></u>	<u><u>4,308</u></u>	<u><u>5,779</u></u>	<u><u>29,726</u></u>

The following table sets forth a summary of trade payables turnover days for the Track Record Period:

	Year ended 31 March			Four
	2015	2016	2017	months
				ended
				31 July
				2017
Trade payables turnover days (<i>Note</i>)	128	75	37	58

Note: Trade payable turnover days is calculated by the average balance of trade payables, divided by cost of sales and services rendered for the respective year/period, and multiplied by the number of days in the respective year/period. The average of trade payables is the arithmetic mean of the opening and closing balances of trade payables for the respective year/period.

Our suppliers normally grant us a credit period ranged from 30 to 60 days. However, due to our long standing relationship with some suppliers, in some cases we were allowed not to strictly follow the credit terms given by such suppliers in settling certain purchases. Usually, if we experience delay in collecting invoice payments from our customer, we will try to hold back the settlement of the corresponding payables. This explains why we had trade payables aged over 60 days at the year end date and trade payable turnover days which reached 128 days for the year ended 31 March 2015. The decrease in trade payables turnover days from 128 days to 75 days for the year ended 31 March 2016 and further to 37 days for the year ended 31 March 2017 was due to our Group had sufficient cash flow during the year and was able to settle our trade payables earlier than in previous year. The increase in trade payables turnover days from 37 days for the year ended 31 March 2017 to 58 days for the four months ended 31 July 2017 was due to the increase in payable related to the Intelligent Traffic Control Project for the period.

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As at Latest Practicable Date, approximately 36.9% of our total outstanding trade payables as at 31 July 2017 had been subsequently settled. Among the unsettled balances as at Latest Practicable Date, approximately RMB14.3 million was related to two suppliers of the Intelligent Traffic Control Project, which is the largest project of the system integration segment for the four months ended 31 July 2017. Due to the trade receivable related to the project was not yet settled, it is our Group's practice to match the cash received by us with the payment to be paid by us in order to better manage our cash flow. As a result, we may settle the trade payables upon the settlement of the corresponding trade receivables.

Other payables and accruals

Our other payables and accruals mainly represented accrued payroll expense, accrued listing expenses, other taxes payable, and other payables related to the purchase of software modules for our production and surcharges on overdue payments to governmental authorities.

The following table sets forth a breakdown of our other payables as at the dates indicated:

	As at 31 March			As at 31 July
	2015	2016	2017	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued payroll expenses	1,386	1,568	802	887
Accrued listing expenses	—	—	1,631	7,309
Other taxes payable	1,961	2,807	5,662	10,942
Others	<u>3,716</u>	<u>1,638</u>	<u>1,505</u>	<u>595</u>
Total	<u><u>7,063</u></u>	<u><u>6,013</u></u>	<u><u>9,600</u></u>	<u><u>19,733</u></u>

Our other payable and accruals decreased by approximately RMB1.1 million, or 15.5% from approximately RMB7.1 million as at 31 March 2015 to approximately RMB6.0 million as at 31 March 2016. Such decrease was primarily attributable to the settlement of surcharges on overdue payments to governmental authorities, which represented surcharge imposed on our Group by the PRC Government for outstanding EIT due for payment from January 2012 to January 2016, of RMB2.2 million during the year ended 31 March 2016; net off by the increase of other tax payable of approximately RMB0.8 million due to the increase in sales.

Our other payable and accruals increased by approximately RMB3.6 million, or 60.0% to approximately RMB9.6 million as at 31 March 2017. Such increase was primarily attributable to (i) the increase of other tax payable of approximately RMB2.9 million; and (ii) the accrued listing expense of approximately RMB1.6 million; net off by the decrease in accrued payroll expense of RMB0.8 million.

Our other payable and accruals further increased by approximately RMB10.1 million, or 105.2% to approximately RMB19.7 million as at 31 July 2017. Such increase was primarily attributable to (i) the increase of other tax payable of approximately RMB5.2 million; and (ii) the increase in accrued listing expense of approximately RMB5.7 million.

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Bank borrowings

	As at 31 March			As at
	2015	2016	2017	31 July
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Secured bank borrowings	63,260	30,500	35,600	36,000
Letters of credit endorsed from third parties	<u>26,000</u>	<u>26,000</u>	<u>—</u>	<u>—</u>
	<u>89,260</u>	<u>56,500</u>	<u>35,600</u>	<u>36,000</u>
Analysed as:				
Fixed rate	75,710	56,500	35,600	36,000
Variable rate	<u>13,550</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>89,260</u>	<u>56,500</u>	<u>35,600</u>	<u>36,000</u>
Carrying amounts of bank borrowings repayable within one year	<u>89,260</u>	<u>56,500</u>	<u>35,600</u>	<u>36,000</u>

The amounts due are based on scheduled repayment dates set out in the loan agreements.

As at 31 March 2015 and 2016, both the secured bank borrowings and the letters of credit endorsed from third parties were substantially applied for the personal use of a director but not for our Group's operational use, and hence our Group or the LC Beneficiary, in the case of the LC Financing Arrangement, remitted the amount of the bank borrowings to the director's designated account shortly after each drawdown. As such, the interest expenses and the relevant surcharge and taxation incurred on the amount of finance cost reimbursed from Mr. Lai arising from the secured bank borrowings and letters of credit endorsed from third parties were substantially borne by the director during the Track Record Period. We charged the director an equivalent amount of the relevant interest expenses and taxation on such secured bank borrowings as interest income. The letters of credit endorsed from third parties were fully settled in May 2016.

As advised by the PRC Legal Advisers, based on the confirmation of our Group and the director that the relevant loan arrangements reflected genuine expressions of intents of both parties, the provision of interest-bearing loans by our Group to the director do not violate the relevant PRC laws and administrative regulations and are legal and valid.

Further, according to the relevant PRC laws and regulations, prior to 1 September 2015, the interest rate of private lending may be appropriately higher than the interests of the banks but shall not exceed the interest rate of the same kind of bank loans by four times. Since 1 September 2015, as advised by the PRC Legal Advisers, the relevant PRC laws and regulations were superceded by the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Cases Involving Private Lending (《最高人民法院關於審理民間借貸案件適用法若干問題的規

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定》) on 1 September 2015, pursuant to which interests of 24% per annum or below shall be generally supported by the courts. The provision of loans by our Group to the director at an annual interest rates of 6.0% to 10.0% complies with relevant PRC laws and regulations and is supported by the relevant People’s Court of the PRC.

During the Track Record Period, our Group has made certain letter of credit financing arrangements in order to obtain funding from banks for settlement of proposed purchases from third parties, which were not backed by actual underlying transactions (the “LC Financing Arrangement”).

During the years ended 31 March 2015 and 2016, our Company’s subsidiary, IBO Shenzhen, has entered into purchase agreements with third parties (the “Alleged Suppliers”) and has arranged letters of credit to settle such proposed purchases.

Despite these purchase transactions were subsequently cancelled and did not eventuate, the related letters of credit have not been cancelled but were utilised by our Group and the Alleged Suppliers. Our Group has ceased further entering into such LC Financing Arrangement with effect from 17 March 2016 and the amounts due to the relevant banks have been settled in May 2016.

As detailed in the section headed “Business — Legal proceedings and regulatory compliance” in this prospectus despite the facts that LC Financing Arrangement was considered as non-compliance of local laws and regulations, given the measure taken by our Group and after seeking legal advice, our Directors represented that they are of the view that such arrangement will have no material financial impact to our Group. For further details, please refer to the relevant section of this Prospectus.

As at 31 March 2017 and 31 July 2017, the entire balance of bank borrowings was used to fund the operational needs of our Group. Therefore, our Group bore the relevant interest expenses.

Our Group’s variable-rate bank borrowings is subject to interest at RMB Benchmark Loan Rate issued by the People’s Bank of China.

The ranges of effective interest rates (which are also equal to contracted interest rates) on our Group’s borrowings are as follows:

	Year ended 31 March		Four months ended 31 July	
	2015	2016	2017	2017
Effective interest rate:				
Fixed-rate borrowings	7.2% to 10.0%	7.2% to 8.4%	5.7% to 8.4%	5.7% to 8.5%
Variable-rate borrowings	6.2%	N/A	N/A	N/A

As at 31 March 2015, 2016 and 2017 and 31 July 2017, a portion amounted to RMB26.0 million of the banking facilities was secured by charges over several residential properties owned by Mr. Lai. The remaining portion was secured by pledged bank deposits, investment properties of our Group and unlimited guarantees provided from the Controlling Shareholder and his close family member (without charging any guarantee fee). The banking facilities of RMB26.0 million will be fully settled and the guarantees of the remaining portion will be released prior to the Listing.

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Some of the loan agreements we entered into contained customary undertakings, warranties and covenants. Other than otherwise disclosed, the agreements under our bank borrowings do not contain any material undertakings, warranties and covenants that may have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors confirm that we have not defaulted in the repayment of the principal bank borrowings and relevant interest expenses during the Track Record Period. As at 31 March 2017, we were in breach of one of the undertakings and warranties contained in a bank borrowing agreement which required us to notify the relevant bank in writing 30 days in advance and seek its consent for any external investments to be made. On the basis that officials from the relevant bank verbally confirmed they would consent to such investment made by our Group and they will not request for accelerated repayment or claim against our Group for breach of contract, our PRC Legal Advisers is of the view that the likelihood of our Group being sued for the breach of contract is relatively remote.

SUMMARY OF KEY FINANCIAL RATIOS

The following table sets out a summary of our key financial ratios for the Track Record Period:

	As at/For the year ended 31 March			As at/For the four months ended
	2015	2016	2017	31 July 2017
Current ratio ⁽¹⁾	1.3 times	1.7 times	1.6 times	1.5 times
Quick ratio ⁽²⁾	1.2 times	1.6 times	1.6 times	1.5 times
Gearing ratio ⁽³⁾	190.8%	78.9%	54.4%	51.9%
Net debt to equity ratio ⁽⁴⁾	190.2%	72.8%	6.2%	0.4%
Interest coverage ⁽⁵⁾	3.3 times	7.5 times	14.8 times	9.8 times
Return on total assets ⁽⁶⁾	5.9%	16.2%	20.5%	2.4%
Return on equity ⁽⁷⁾	20.7%	34.7%	45.0%	5.8%

Notes:

- (1) Current ratio equals to total current assets divided by total current liabilities as at the end of each year/period.
- (2) Quick ratio equals to total current assets less inventories divided by total current liabilities as at the end of each year/period.
- (3) Gearing ratio equals to interest-bearing liabilities divided by total equity as at the end of each year/period.
- (4) Net debt to equity ratio equals to net debt (all interest-bearing borrowings net of cash and cash equivalents) divided by total equity as at the end of each year/period.
- (5) Interest coverage equals to profit before finance costs and income tax expense for the respective year/period divided by finance costs for the respective year/period.
- (6) Return on total assets equals to profit and total comprehensive income for the respective year/period divided by total assets as at the end of each year/period multiplied by 100%.
- (7) Return on equity equals to profit and total comprehensive income for the respective year/period divided by equity as at the end of each year/period multiplied by 100%.

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Current ratio/Quick ratio

The current ratio and quick ratio increased from approximately 1.3 times and 1.2 times respectively as at 31 March 2015 to approximately 1.7 times and 1.6 times respectively as at 31 March 2016 mainly due to the decrease in bank borrowings as at 31 March 2016, which effect was partially set-off by the decrease in amounts due from a Director. The current ratio and quick ratio as at 31 March 2017 remained stable, with approximately 1.6 times and 1.6 times respectively. The slight decrease for current ratio was due to the decrease in amount due from a director as at 31 March 2017, which effect was substantially set-off by the increase of trade and other receivable and the decrease in bank borrowings. The current ratio and quick ratio as at 31 July 2017 remained stable, both being approximately 1.5 times. The slight decrease for current ratio was due to the decrease in amount due from a director as at 31 July 2017, which was substantially set-off by the decrease in amount due to a director as at 31 July 2017.

Gearing ratio/Net debt to equity ratio

The gearing ratio and net debt to equity ratio decreased from approximately 190.8% and 190.2% respectively for the year ended 31 March 2015 to approximately 78.9% and 72.8% respectively for the year ended 31 March 2016 and further decreased to approximately 54.4% and 6.2% for the year ended 31 March 2017, which was mainly due to the repayment of bank borrowings and increase in total equity mainly due to profit generated during the year. The gearing ratio and net debt to equity ratio further decreased to approximately 51.9% and 0.4% for the four months ended 31 July 2017, which was mainly due to the increase in total equity driven by the increase in reserves as at 31 July 2017 compared with 31 March 2017.

Interest coverage

The interest coverage increased from approximately 3.3 times for the year ended 31 March 2015 to approximately 7.5 times for the year ended 31 March 2016 and further to approximately 14.8 times for the year ended 31 March 2017 mainly due to the decrease in finance costs due to repayment of bank borrowings and increase in profit before finance costs and income tax expense for the year. The interest coverage decreased to approximately 9.8 times for the four months ended 31 July 2017 mainly due to decrease in net profit margin before interest and tax driven by the decrease in gross profit margin and the increase in listing expenses for the period.

Return on total assets/Return on equity

The return on total assets and return on equity increased from approximately 5.9%, and 20.7% respectively for the year ended 31 March 2015 to approximately 16.2% and 34.7% respectively for the year ended 31 March 2016 and further to approximately 20.5% and 45.0% for the year ended 31 March 2017 mainly due to the increase in net profit for the year. The return on total assets and return on equity decreased to approximately 2.4% and 5.8% respectively for the four months ended 31 July 2017, which was mainly due to the decrease in net profit margin driven by the decrease in gross profit margin and the increase in listing expenses for the period and also the increase in total assets and total equity.

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INDEBTEDNESS

As at 31 October 2017, being the latest practicable date on which such information was available to us, our Group had outstanding fixed-rate bank borrowings of approximately RMB34.5 million, of which the effective interest rate was 6.0% to 8.5%. Bank borrowing amounting to RMB26.0 million was personally guaranteed by Mr. Lai and secured by charges over several residential properties owned by Mr. Lai. The unguaranteed bank borrowing amounting to RMB8.5 million, together with RMB2.3 million unutilised portion of the bank facility was secured by investment properties of our Group. The banking facilities of RMB26.0 million will be fully settled and the guarantees of the remaining facility will be released prior to Listing. Our Group also had unsecured, unguaranteed and interest-free other borrowing representing amount due to a director amounting RMB121,000 which will be settled prior to Listing.

Save as the aforesaid, apart from intra-group liabilities and normal trade bills, our Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance leases, hire purchases commitments, guarantees or other material contingent liabilities as at the latest practicable date for the preparation of this indebtedness statement in this prospectus.

CONTINGENT LIABILITIES

As at the Latest Practicable Date for the purpose of indebtedness statement, we did not have any material contingent liabilities or guarantees.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as at the Latest Practicable Date, we did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities.

PROPERTY INTERESTS

As at the Latest Practicable Date, our Group owned 8 office units located in Shenzhen of the PRC, and also leased a property located in Shenzhen of the PRC as our headquarters, a property located in Hong Kong as our principal place of business, and a property located in Xinjiang of the PRC for office use. For details of our owned and leased properties, please refer to the section head “Business — Properties” in this prospectus.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer we engaged, has valued our certain property interests at RMB19.3 million as at 30 September 2017.

OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

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CAPITAL EXPENDITURE

Our capital expenditure for the years ended 31 March 2015, 2016 and 2017 and for the four months ended 31 July 2017 amounted to approximately RMB97,000, RMB45,000, RMB285,000 and RMB26,000, respectively, which represented purchase of office equipment.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Capital commitment

As at 31 March 2015, 2016, 2017 and 31 July 2017, our Group did not have any significant capital commitment.

Operating lease commitments

Our Group as lessee:

As at 31 March 2015, 2016 and 2017 and 31 July 2017, our Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	As at 31 March			As at 31 July
	2015	2016	2017	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	963	1,718	2,793	1,557
In the second year to fifth year inclusive	13	2,545	61	35
Total	976	4,263	2,854	1,592

Operating lease payments represent fixed rentals payable by our Group for certain of its office premises and staff quarters. Leases are negotiated with fixed lease term for one to two years.

The increase of the operating lease commitments by approximately RMB3.3 million as at 31 March 2016 compared with 31 March 2015 was mainly due to the renewal of rental agreement for office premises in February 2016, in which the monthly rental expense has been increased from approximately RMB179,000 to approximately RMB240,000.

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Our Group as lessors:

As at 31 March 2015, 2016 and 2017 and 31 July 2017, our Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	As at 31 March			As at
	2015	2016	2017	31 July
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	348	241	437	361
In the second year to fifth year inclusive	<u>79</u>	<u>—</u>	<u>118</u>	<u>12</u>
	<u><u>427</u></u>	<u><u>241</u></u>	<u><u>555</u></u>	<u><u>373</u></u>

All of the properties leased out have committed tenants for 1 to 3 years without termination options granted to tenants.

WORKING CAPITAL SUFFICIENCY

Our Directors confirm that, after due and careful inquiry and taking into account consideration the financial resources presently available to us, including existing balance of cash and cash equivalents, cash flows from operations, available facilities, and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus.

LISTING EXPENSES

Listing expenses are non-recurring in nature and represent professional fees, underwriting commission of the Global Offering, and other fees incurred in connection with the Listing and the Global Offering. Assuming the Over-allotment Option is not exercised, based on the Offer Price of HK\$1.65 per Offer Share, being the mid-point of the indicative range of the Offer Price, the estimated total Listing expenses (including the underwriting commissions) are approximately HK\$38.0 million, of which (i) approximately HK\$12.8 million is directly attributable to the issue of the Offer Shares in the Listing is to be accounted for as a deduction from equity in accordance with the relevant accounting standard; (ii) approximately HK\$8.3 million (equivalent to RMB7.0 million) and HK\$9.9 million (equivalent to RMB8.4 million) were charged to the profit or loss of our Group for the year ended 31 March 2017 and the four months ended 31 July 2017; and (iii) approximately HK\$7.0 million is to be charged to the profit or loss of our Group for the year ending 31 March 2018.

Accordingly, the financial results of our Group for the year ending 31 March 2018 are expected to be materially affected by the estimated expenses in relation to the Listing. Our Directors would like to emphasise that the listing expenses mentioned above are a current estimate for reference only and the final amount to be recognised in the consolidated statements of profit or loss and other comprehensive income of our Group for the year ending 31 March 2018 is subject to adjustment based on audit and the then changes in variables and assumptions.

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FINANCIAL RISKS MANAGEMENT

Our Group's activities in the normal course of business expose us primarily to financial risks such as currency risk, interest rate risk, credit risk and liquidity risk. Our Directors manage and monitor our exposure to such risks to ensure that appropriate measures are implemented on a timely and effective manner.

Currency risk

The carrying amounts of our Group's monetary assets and monetary liabilities that are denominated in currencies other than the functional currency as at the dates indicated are as follows:

	Assets				Liabilities			
	As at 31 March			As at	As at 31 March			As at
	2015	2016	2017	31 July	2015	2016	2017	31 July
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
HK\$	397	1,081	1,064	5,568	(8,056)	(9,710)	(17,481)	—
USD	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(38)</u>	<u>(121)</u>

Our Group currently does not have a foreign currency hedging policy. However, our Directors will monitor foreign exchange exposure closely and consider to use hedging instruments when the need arises.

Interest rate risk

Our Group is exposed to fair value interest rate risk in relation to fixed rate of amount due from a Director and bank borrowings. Our Group currently does not have any interest rate hedging policy. The management of our Group monitors our Group's exposure on an ongoing basis and will consider hedging interest rate risk when the need arises.

Our Group is also exposed to cash flow interest rate risk in relation to floating-rate bank balances and bank borrowings at variable interest rates. Our Group's cash flow interest rate risk is mainly concentrated on the fluctuations of RMB Benchmark Loan Rate of the People's Bank of China on our Group's bank borrowings.

Our Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section below.

Credit risk

Our Group's maximum exposure to credit risk which will cause a financial loss to our Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by our Group is arising from (i) the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position; and (ii) the amount of contingent liabilities in relation to financial guarantee issued by our Group as mentioned in the paragraph headed "Contingent liabilities" in this section.

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Our Group's credit risk are primarily attributable to its trade receivables and amount due from a Director. To minimise credit risk, our Directors have delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, our Group reviews the recoverable amount of individual trade debts at the end of the reporting period to ensure that adequate impairment losses have been made for any irrecoverable amounts. In this regard, our Directors consider that our Group's credit risk is significantly reduced. The credit risk on pledged bank deposit and bank balances is limited because the counterparties are state-owned banks or banks located in the PRC with high credit ratings.

As at 31 March 2015, 2016 and 2017 and 31 July 2017, our Group have concentration of credit risk as 96.5%, 78.9%, 80.7% and 93.1% of the total trade receivables, respectively, are due from our Group's five largest trade debtors. Our Directors are of the view that the credit risk associated with the amounts due from these customers is insignificant after considering their historical settlement record, credit quality and financial position.

In addition, our Group has concentration of credit risk on amount due from a Director as at 31 March 2015 and 2016, the details of which is set out in the paragraph headed "Amount due from/to a Director" in this section. In the opinion of our Directors, the outstanding amount due from a Director as at 31 July 2017 is expected to be settled in full upon Listing.

Liquidity risk

In the management of liquidity risk, our Group monitors and maintains cash and cash equivalents at a level which is deemed adequate by our Directors in financing our operations and mitigating the effects of fluctuations in cash flows. Our Directors monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Our Group relies on bank borrowings as a significant source of liquidity. As at 31 March 2015, 2016 and 2017 and 31 July 2017, our Group has available unutilised bank loan facilities of approximately RMB9.6 million, RMB2.5 million, nil and RMB0.8 million, respectively.

The following table details our Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which our Group would be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

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The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
31 March 2015						
Trade and other payables	—	8,578	—	—	8,578	8,578
Amount due to a director	—	8,057	—	—	8,057	8,057
Variable-rates bank borrowing	6.15	—	—	14,071	14,071	13,550
Fixed-rates bank borrowings	8.32	—	6,136	73,300	79,436	75,710
		<u>16,635</u>	<u>6,136</u>	<u>87,371</u>	<u>110,142</u>	<u>105,895</u>
31 March 2016						
Trade and other payables	—	5,401	—	—	5,401	5,401
Amount due to a director	—	9,710	—	—	9,710	9,710
Fixed-rates bank borrowings	7.85	—	1,531	57,691	59,222	56,500
		<u>15,111</u>	<u>1,531</u>	<u>57,691</u>	<u>74,333</u>	<u>71,611</u>
Financial guarantee contracts	—	—	—	24,999	24,999	—
31 March 2017						
Trade and other payables	—	7,720	—	—	7,720	7,720
Amount due to a director	—	17,519	—	—	17,519	17,519
Fixed-rates bank borrowings	6.43	—	—	37,029	37,029	35,600
		<u>25,239</u>	<u>—</u>	<u>37,029</u>	<u>62,268</u>	<u>60,839</u>
31 July 2017						
Trade and other payables	—	37,462	—	—	37,462	37,462
Amount due to a director	—	121	—	—	121	121
Fixed-rates bank borrowings	6.48	—	—	37,457	37,457	36,000
		<u>37,583</u>	<u>—</u>	<u>37,457</u>	<u>75,040</u>	<u>73,583</u>

FINANCIAL INFORMATION

DIVIDEND

Our Company currently does not have a dividend policy and may distribute dividends by way of cash or by other means that our Directors consider appropriate. A decision to declare and pay any dividend would require the approval of our Directors and will be at their discretion. In addition, any final dividend for a financial year will be subject to shareholders' approval.

No dividend has been paid or declared by our Company since its incorporation on 15 April 2016.

Our distribution of dividends in the future, if any, will depend on the results of our operations, cash flows, financial conditions, statutory and regulatory restrictions as aforementioned and other factors that we may consider relevant, and is subject to our discretion. The Board has the absolute discretion to decide whether to declare or distribute dividends in any year. There is no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

DISTRIBUTABLE RESERVES

As at the Latest Practicable Date, our Company did not have any distributable reserve available for distribution to Shareholders.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA STATEMENT ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF OUR GROUP

The following unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purpose only, and is set out below to illustrate the effect of the Global Offering on the adjusted consolidated net tangible assets of our Group attributable to the owners of our Company as at 31 July 2017 as if the Global Offering had taken place on that date.

The statement of unaudited pro forma adjusted consolidated net tangible assets of our Group has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group attributable to owners of our Company as at 31 July 2017 or any future date following the Global Offering. It is prepared based on our unaudited consolidated net tangible assets of our Group attributable to owners of our Company as at 31 July 2017 as shown in Accountants' Report on Historical Financial Information as set out in Appendix I to this prospectus.

	Unaudited consolidated net tangible assets of our Group attributable to owners of our Company as at 31 July 2017 <i>RMB'000</i>	Estimated net proceeds from Global Offering <i>RMB'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at 31 July 2017 <i>RMB'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at 31 July 2017 per share <i>RMB</i>	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company as at 31 July 2017 per share <i>HK\$</i>
Base on the Offer Price of HK\$1.8 per share	69,407	137,277	206,684	0.52	0.60
Base on the Offer Price of HK\$1.5 per share	69,407	112,334	181,741	0.45	0.53

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors confirmed that as at the Latest Practicable Date, there were no circumstances which, had our Group been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, save as the non-recurring listing expenses as disclosed above, up to the Latest Practicable Date, there has been no material adverse change in our financial or trading position or prospects since 31 July 2017, and there is no event since that date which would materially affect the information shown in our consolidated financial information included in the Accountants' Report on Historical Financial Information set out in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business — Our business strategies and future plans” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$127.0 million after deducting the underwriting commissions and expenses payable by us in the Global Offering, assuming the Over-allotment Option is not exercised and an Offer Price of HK\$1.65 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$1.5 per Share to HK\$1.8 per Share in this prospectus.

We intend to use the net proceeds from the Global Offering for the following purposes:

- (i) Approximately 54.3% of the net proceeds from the Global Offering, or HK\$69.0 million (equivalent to RMB58.4 million), will be used for actively expanding our businesses through extending the application of our technologies into different sectors of the “Smart City” market from 2017 to 2018. For further details, please refer to the sections headed “Business — Our business strategies and future plans — To actively expand our businesses through extending the application of our IoT technologies and experience in system integration and system maintenance into different sectors of the “Smart City” market” in this prospectus. As at the Latest Practicable Date, we expect to invest not less than HK\$55.0 million (equivalent to RMB48.7 million) on the on-going “Smart City” projects in our backlog. For further details of our existing projects and the future/estimated development costs expected to be incurred, please refer to the section headed “Business — Our principal businesses” in this prospectus. The remaining net proceeds from the Global Offering will strengthen our Group’s available financial resources to provide flexibility to us to undertake more large-scaled “Smart City” project where the appropriate opportunity arises in the future.
- (ii) Approximately 19.4% of the net proceeds from the Global Offering, or HK\$24.6 million (equivalent to RMB20.8 million), for identifying beneficial strategic investment opportunities from 2017 to 2019. We intend to selectively invest in or enter into strategic partnerships with other industry players (i) vertically up and down the IoT value chain to solidify, strengthen and broaden our R&D and production capabilities to enhance our ability to provide seamless one-stop comprehensive and integrated solutions, such as manufacturers of IoT products which we do not produce ourselves and providers of IoT and “Smart City” solutions with innovative technologies such as positioning and face recognition technologies; and/or (ii) horizontally in related industries to further broaden our collective expertise and resources to innovate and develop core technologies applicable to enhancing our overall servicing capabilities, such as big data cloud platform and artificial intelligence companies. We will strategically select appropriate investment or partnership opportunities according to (a) whether the target has unique technological know-how which can bring about synergies for technological advancement for our Group in respect of vertical expansion; and (b) whether the target has a sizeable and extensive corporate customer base with potential growth in the market of corporate servicing market to allow us to utilise cloud computing, IoT and big data research results based on the customer database to provide more comprehensive solutions for our customers and to promote the products and services of our main businesses in respect of

FUTURE PLANS AND USE OF PROCEEDS

horizontal expansion. As of the Latest Practicable Date, we had not identified or committed to any acquisition targets for the use of our proceeds from the Global Offering. Our Group's implementation plans in respect of identifying beneficial strategic investment opportunities are as follows^(Note 1):

	For the year ended 31 March 2018 (RMB' 000)	April 2018 to September 2018 (RMB' 000)	October 2018 to March 2019 (RMB' 000)	Total (RMB' 000)
Vertical expansion				
Investment in manufacturers of IoT products	—	—	4,000	4,000
Investment in providers of IoT and “Smart City” solutions with innovative technologies	—	5,000	6,400	11,400
Horizontal expansion				
Investment in companies engaged in big data, cloud computing and artificial intelligence	—	—	5,400	5,400
Total	<u>—</u>	<u>5,000</u>	<u>15,800</u>	<u>20,800</u>

Note:

1. The implementation plans above are subject to the timely identification of appropriate and suitable beneficial strategic investment opportunities in accordance with our selection criteria and assessment on return and risk.
- (iii) Approximately 16.3% of the net proceeds from the Global Offering, or HK\$20.7 million (equivalent to RMB17.5 million), for further enhancement of our R&D development capability from 2017 to 2019, in technologies including but not limited to digital driver and vehicle identification, face detection and digital monitoring of gas cylinders technologies, and improvement in the quality of our products and services. Also, we expect to recruit new

FUTURE PLANS AND USE OF PROCEEDS

personnel for our software and hardware R&D teams and to upgrade our hardware equipments and software. Our Group's implementation plans for R&D enhancement are as follows:

	For the year ending 31 March 2018 <i>(RMB'000)</i>	April 2018 to September 2018 <i>(RMB'000)</i>	October 2018 to March 2019 <i>(RMB'000)</i>	Total <i>(RMB'000)</i>
Areas of R&D enhancement				
“Smart City” system platforms	4,600	2,000	400	7,000
Driver and vehicle identification system	1,160	2,950	160	4,270
Gas cylinder digital monitoring consolidation system	3,150	1,300	—	4,450
High-speed face recognition and video analysis middleware	70	1,020	690	1,780
Total	8,980	7,270	1,250	17,500

For further details, please refer to the section headed “Business — Our business strategies and future plans — To continue to solidify and strengthen our R&D capabilities and improve the quality of our products and services”; and

- (iv) approximately 10.0% of the net proceeds from the Global Offering, or HK\$12.7 million, for additional working capital and other general corporate purpose in order to improve the liquidity and gearing ratio of our Group.

In the event that the Over-allotment Option is exercised in full and assuming an Offer Price of HK\$1.65 per Share (being the mid-point of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK\$23.9 million. We intend to use such additional net proceeds to increase the net proceeds applied to the same purposes above on a pro rata basis.

In the event that the Offer Price is set at HK\$1.8 per Share, being the high-end of the proposed Offer Price range, the net proceeds from the Global Offering will be increased by (i) approximately HK\$14.5 million, assuming the Over-allotment Option is not exercised, and (ii) additional net proceeds of approximately HK\$26.1 million, assuming the Over-allotment Option is exercised in full. We intend to use such additional net proceeds to increase the net proceeds applied to the same purposes above on a pro rata basis.

In the event that the Offer Price is set at HK\$1.5 per Share, being the low-end of the proposed Offer Price range, the net proceeds from the Global Offering will be decreased by (i) approximately HK\$14.5 million, assuming the Over-allotment Option is not exercised, and (ii) additional net proceeds of approximately HK\$21.7 million, assuming the Over-allotment Option is exercised in full. We intend to reduce the net proceeds applied to the same purposes above on a pro rata basis.

FUTURE PLANS AND USE OF PROCEEDS

To the extent that our net proceeds are not sufficient to fund the purposes described above, we intend to fund the balance through a variety of means including cash generated from our operations, debt financing and/or equity fund raising.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above, they will be placed in short-term deposit with banks or other financial institutions in Hong Kong or the PRC or held in other treasury instruments.

UNDERWRITING

HONG KONG UNDERWRITERS

Innovax Securities Limited (Joint Global Coordinator and Joint Lead Manager)
Fortune (HK) Securities Limited (Joint Global Coordinator and Joint Lead Manager)
Ping An Securities Limited (Joint Lead Manager)
Eternal Pearl Securities Limited (Co-manager)
Pulsar Capital Limited (Co-manager)
Freeman Securities Limited (Co-manager)
Sinolink Securities (Hong Kong) Company Limited (Co-manager)
Telecom Digital Securities Limited (Co-manager)

INTERNATIONAL UNDERWRITERS

Innovax Securities Limited (Joint Global Coordinator and Joint Lead Manager)
Fortune (HK) Securities Limited (Joint Global Coordinator and Joint Lead Manager)
Ping An Securities Limited (Joint Lead Manager)
Eternal Pearl Securities Limited (Co-manager)
Pulsar Capital Limited (Co-manager)
Freeman Securities Limited (Co-manager)
Sinolink Securities (Hong Kong) Company Limited (Co-manager)
Telecom Digital Securities Limited (Co-manager)

HONG KONG PUBLIC OFFERING

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering initially 10,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to the Listing Committee granting listing of, and permission to deal in, our Shares in issue and to be offered as mentioned herein and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters has agreed to subscribe or procure subscribers for its applicable proportion of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

One of the conditions is that the Offer Price must be agreed between us and the Joint Global Coordinators for itself and on behalf of the Underwriters. For applicants applying under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. The International Offering will be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed.

UNDERWRITING

Grounds for termination

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) will have the absolute right which is exercisable by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) to terminate the arrangements set out in the Hong Kong Underwriting Agreement by notice in writing given to our Company (for ourselves and our Controlling Shareholders) by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if any of the following events will occur at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

- (a) there develops, occurs, exists or comes into force:
 - (i) any change or development involving a prospective change or development, or any event or series of events resulting or likely to result in or representing a change or development, or any prospective change or development in, local, national, regional or international financial, political, military, industrial, legal, economic, currency market, credit, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, credit markets, and inter-bank markets, a 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 devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies) in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI or any other jurisdiction relevant to any member of the Group (collectively, the “**Relevant Jurisdictions**”, each a “**Relevant Jurisdiction**”); or
 - (ii) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent Authority in or affecting any Relevant Jurisdiction; or
 - (iii) any event or series of events in the nature of *force majeure* (including, without limitation, acts of government, labour disputes, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, declaration of a national or international emergency, acts of war, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, pandemic, outbreak of disease, economic sanctions, in or affecting any Relevant Jurisdiction; or
 - (iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any Relevant Jurisdiction; or
 - (v) (A) any moratorium, suspension, restriction or limitation on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the American Stock Exchange, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange, or (B) a general moratorium on commercial banking activities in any Relevant Jurisdiction

UNDERWRITING

declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services procedures or matters in or affecting any Relevant Jurisdiction; or

- (vi) any change or development or event involving a prospective change in taxation or exchange controls (or the implementation of exchange controls), currency exchange rates or foreign investment regulations in any Relevant Jurisdiction; or
- (vii) any imposition of economic sanction or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdiction; or
- (viii) any adverse change or development or event involving a prospective adverse change in our Group's assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position or prospects; or
- (ix) the commencement by any judicial, regulatory, governmental or political body or organisation of any action, claim or proceedings against any Director or an announcement by any judicial, regulatory, governmental or political body or organisation that it intends to take any such action; or
- (x) a Director 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
- (xi) the chairman or chief executive officer of our Company vacating his office; or
- (xii) save as disclosed in this prospectus, a contravention by any member of our Group of the Listing Rules or any applicable laws or regulations of the Relevant Jurisdictions; or
- (xiii) an order or petition is presented for the winding up or liquidation of our Company or any of our subsidiaries, or our Company or any of our subsidiaries make any compromise or arrangement with its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any of our subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the material assets or undertaking of our Company or any of our subsidiaries or anything analogous thereto occurs in respect of our Company or any of our subsidiaries; or
- (xiv) a demand by any creditor for repayment or payment of any of our Company's indebtednesses or those of any of our subsidiaries or in respect of which our Company or any of our subsidiaries is liable prior to its stated maturity; or
- (xv) any loss or damage sustained by our Company or any of our subsidiaries as a result of a breach of our respective obligations or non-compliance with the applicable laws and regulations (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (xvi) any litigation or claim being threatened or instigated against our Company or any of our subsidiaries; or

UNDERWRITING

- (xvii) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares (including the Shares to be issued pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or
 - (xviii) non-compliance of this prospectus (of any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation; or
 - (xix) other than with the approval of the Joint Global Coordinators, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies (WUMP) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
 - (xx) any event which give rise or would give rise to liability on the part of our Company pursuant to the indemnity provisions in the Hong Kong Underwriting Agreement; or
 - (xxi) any change or prospective change in, or a materialisation of, any of the risks set out in the section headed “Risk factors” in this prospectus; or
- (b) there has come to the notice of the Joint Global Coordinators or any of the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:
- (i) that any statement contained in this prospectus or the Application Forms and/or any and notices or announcements in the agreed form issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become untrue or incorrect or misleading in a material respect, or that any forecast, expression of opinion, intention or expectation contained therein is not fair and honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or
 - (ii) that any matter has arisen or has been discovered which, had it arisen or been discovered immediately before the date of this prospectus which would have constituted a material omission from the Hong Kong Public Offering this prospectus or the Application Forms and/or in any notices or announcements issued or used by or on behalf of our Company in connection with (including any supplement or amendment thereto); or
 - (iii) that any of the warranties given by our Company or our Controlling Shareholders in the Hong Kong Underwriting Agreement is (or would when repeated be) untrue, inaccurate or misleading or having been breached in; or
 - (iv) that any matter, event, act or omission which gives or is likely to give rise to any liability of our Company or our Controlling Shareholders out of or in connection with any breach, inaccuracy and/or incorrectness of the warranties and/or pursuant to the indemnities given by our Company, our Controlling Shareholders or any of them under the Hong Kong Underwriting Agreement; or

UNDERWRITING

- (v) that any breach of any of the obligations or undertakings of any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than the Hong Kong Underwriters or the International Underwriters); or
- (vi) that any change or prospective change in the condition, business, assets and liabilities, properties, profits, losses, results of operations, financial, general affairs, shareholders' equity, management, trading position, prospects, position or condition, financial or otherwise, or performance of our Company and/or its subsidiaries as a whole, whether or not arising in the ordinary course of business, as determined by the Joint Global Coordinators in their sole and absolute discretion; or
- (vii) that our Company withdraws this prospectus and/or the Application Forms; or
- (viii) that approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme) under the Global Offering is refused or not granted, 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
- (ix) that any of the experts (other than the Sole Sponsor) described under "Statutory and General Information — E. Other Information — 6. Qualifications of experts" in Appendix V to this prospectus, has withdrawn its consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears,

which, individually or in aggregate, in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters),

- (A) has or may have or will have or is likely to have a materially adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, trading position, results of operations, prospects, position or condition, financial or otherwise, or performance of our Company or its subsidiaries as a whole; or
- (B) has or may have or will have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or
- (C) makes, may make or will or is likely to have make it impracticable or inadvisable or inexpedient for any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to proceed or to be performed or implemented as envisaged or to market the Global Offering on the terms and in the manner contemplated by this prospectus; or
- (D) makes or may make or will or is likely to make it inadvisable or inexpedient to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus.

UNDERWRITING

UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within such period), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertaking by each of our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that except pursuant to the Global Offering, the Over-allotment Option and the Stock Borrowing Agreement, or unless in compliance with the requirements of the Listing Rules, it/he/she shall not, and shall procure that the relevant registered holder(s) (if any) of our Shares in which it/he/she has a beneficial interest shall not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters): (a) within the period commencing on the date by reference to which disclosure of the shareholding of it/him/her is made in this prospectus and ending on the date which is six months from the date on which dealings in our Shares first commence on the Main Board (“**First Six-Month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares or other securities of our Company in respect of which it/he/she are shown by this prospectus to be the beneficial owner; or (b) within six months commencing on the day immediately following the expiry of the First Six-Month Period (“**Second Six-Month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Controlling Shareholders’ Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he/she would cease to be a Controlling Shareholder of our Company.

In addition, in accordance with Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has also undertaken to the Stock Exchange and our Company that, within the period commencing on the date with reference to which disclosure of its/his/her shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he/she will immediately inform our Company of:

- (a) any pledges or charges of any Shares or other securities of our Company beneficially owned by any of our Controlling Shareholders in favour of any authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, and the number of such Shares or securities of our Company so pledged or charged; and
- (b) when he/she/it or the relevant requested holder(s) receive indications, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such Shares or securities will be disposed of.

UNDERWRITING

We will also inform the Stock Exchange as soon as we have been informed of the above matters, if any, by any of our Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed.

UNDERTAKINGS TO THE HONG KONG UNDERWRITERS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

Undertakings by our Company

Our Company undertakes to each of the Joint Global Coordinators (for themselves and on behalf of all the Hong Kong Underwriters) that, and our Controlling Shareholders further undertake to procure that, our Company will not, and will procure that the subsidiaries will not without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the First Six-Month Period:

- (a) offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of its share capital, debt capital or any securities of our Company or any of our subsidiaries or any interest therein or any voting right or any other right attaching thereto (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein) save as pursuant to the repurchase mandate granted by the shareholders of our Company to the Directors, details of which are set out in Appendix V to this prospectus; 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 such share capital or securities or interest therein or any voting right or any other right attaching thereto; or
- (c) enter into any transaction with the same economic effect as any forgoing transaction described in paragraphs (a) or (b) above; or
- (d) agree or contract to, or publicly announce any intention to enter into, any forgoing transaction described in paragraphs (a), (b) or (c) above,

whether any of the foregoing transactions described in paragraphs (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, provided that the foregoing restrictions shall not apply to the issue of Shares by our Company pursuant to the Global Offering (including upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), and our Company further agrees that, in the event of an issue or disposal of any Shares or any interest therein or any voting right or any other right attaching thereto during the Second Six-Month Period, it will take all reasonable steps to ensure that such issue or disposal will not create a disorderly or false market in the securities of our Company.

UNDERWRITING

Undertaking by each of our Controlling Shareholders

Each of our Controlling Shareholders jointly and severally undertakes with our Company, the Joint Global Coordinators (for themselves and on behalf of all the Hong Kong Underwriters) that except pursuant to the Global Offering (including the exercise of the Over-allotment Option) or the arrangement under the Stock Borrowing Agreement, he or it will not (save as pursuant to the New Exchangeable Notes), without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of all the Hong Kong Underwriters), and unless in compliance with the requirements of the Listing Rules:

- (i) at any time during the First Six-Month Period, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital, debt capital or other securities of our Company or any interest therein held by him or it or any voting right or any other right attaching thereto (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) whether currently held or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so, provided that the restriction shall not apply to the lending of Shares pursuant to the Stock Borrowing Agreement or any pledge or charge of Shares by our Controlling Shareholders in favour of an authorised institution as defined in the Banking Ordinance (Cap. 155 of the Laws of Hong Kong) for a bona fide commercial loan;
- (ii) at any time during the Second Six-Month Period enter into any of the transactions described in paragraph (i) above if, immediately following such transaction, he or it would cease to be a Controlling Shareholder (as defined in the Listing Rules) of our Company provided that the restriction shall not apply to any pledge or charge of Shares by our Controlling Shareholders in favour of an authorised institution as defined in the Banking Ordinance (Cap. 155 of the Laws of Hong Kong) for a bona fide commercial loan; and
- (iii) in the event of a disposal by him or it of any share capital or any interest therein or any voting right or any other right attaching thereto during the period referred to in paragraph (ii) above, he or it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of our Company.

UNDERWRITING

INTERNATIONAL OFFERING

International Underwriting Agreement

In connection with the International Offering, our Company expects to enter into the International Underwriting Agreement with, among others, the International Underwriters and other parties named therein. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions, severally agree to purchase the International Offer Shares being offered pursuant to the International Offering or procure purchasers for such International Offer Shares. It is expected that pursuant to the International Underwriting Agreement, our Company and our Controlling Shareholders will give undertakings similar to those given pursuant to the Hong Kong Underwriting Agreement in the subsection headed “Hong Kong Public Offering — Undertakings” under this section.

Over-allotment Option

Our Company is expected to grant to the International Underwriters the Over-allotment Option exercisable by the Joint Global Coordinators, on behalf of the International Underwriters, at any time until the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 15,000,000 additional Shares, representing 15% of the Offer Shares, at the Offer Price per Offer Share under the International Offering, solely to cover over-allocations, if any, under the International Offering. For further details of the Over-allotment Option, please refer to the section headed “Structure of the Global Offering” in this prospectus.

COMMISSION AND EXPENSES

The Underwriters are expected to receive a commission of 3.5% of the aggregate Offer Price of all the Offer Shares according to the arrangements of the Underwriting Agreements, out of which they will pay any sub-underwriting commissions. The Sponsor will receive a sponsorship and documentation fee to the Global Offering. The aggregate fees and commission, together with the Stock Exchange listing application fee, Stock Exchange trading fee and SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Global Offering, are currently estimated to be approximately HK\$38.0 million in aggregate, being the mid-point of the Offer Price range stated in the prospectus, which will be borne by our Company.

STAMP TAXES

Buyers of Offer Shares sold by the Underwriters may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offer Price.

UNDERWRITING

SOLE SPONSOR AND UNDERWRITERS' INTERESTS IN OUR GROUP

Following the completion of the Global Offering, the Underwriters and its affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements. Save as contemplated pursuant to the Underwriting Agreements, except for Ping An Securities which is one of our Pre-IPO Investors, none of the Sole Sponsor, the Underwriters and any of their directors, employees or associates has any shareholding in any member of our Group nor has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. The Global Offering consists of (assuming the Over-allotment Option is not exercised):

- the Hong Kong Public Offering of initially 10,000,000 Shares (subject to adjustment as mentioned below) (representing 10% of the initial total number of Offer Shares) in Hong Kong as described in the subsection headed “The Hong Kong Public Offering” under this section; and
- the International Offering of initially 90,000,000 Shares (subject to adjustment and the Over-allotment Option as mentioned below) (representing 90% of the initial total number of Offer Shares) which will conditionally be placed with selected professional, institutional, and other investors outside the United States in offshore transactions in accordance with Regulation S.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest in International Offer Shares under the International Offering, but may not do both.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation and, in the case of the International Offering only, the Over-allotment Option as described below in the paragraphs headed “Over-allotment Option” and “Stabilisation” of this section.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed “Underwriting” in this prospectus.

THE HONG KONG PUBLIC OFFERING

Number of Shares initially offered

Under the Hong Kong Public Offering, our Company is initially offering 10,000,000 Shares at the Offer Price for subscription by the public in Hong Kong, representing 10% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between (i) the International Offering and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 2.5% of our Company’s enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and 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.

STRUCTURE OF THE GLOBAL OFFERING

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the subsection headed “The Hong Kong Public Offering — Conditions of the Hong Kong Public Offering” under this section.

Conditions of the Hong Kong Public Offering

Acceptance of all applications for the Hong Kong Offer Shares in the Hong Kong Public Offering will be conditional on:

- (i) the Listing Committee of the Stock Exchange granting the Listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering (including any Shares which may be made available pursuant to the exercise of the Over-allotment Option), the Shares to be issued upon the exercise of the options which have been or may be granted under the Share Option Scheme, and such Listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (ii) the Offer Price having been fixed on or around the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event no later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed on or before Wednesday, 27 December 2017 between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming and remaining unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in The Standard (in English) and Hong Kong Economic Times (in Chinese) on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in “How to Apply for Hong Kong Offer Shares”. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

STRUCTURE OF THE GLOBAL OFFERING

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Thursday, 28 December 2017 provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the subsection headed “Hong Kong Public Offering — Grounds for termination” under the section headed “Underwriting” in this prospectus has not been exercised.

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 would 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.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for the Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 5,000,000 Hong Kong Offer Shares (being 50% of the 10,000,000 Hong Kong Offer Shares initially comprised in the Hong Kong Public Offering) are liable to be rejected.

Reallocation

Paragraph 4.2 of the Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached as further described below:

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then no Offer Shares will be reallocated to the Hong

STRUCTURE OF THE GLOBAL OFFERING

Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 10,000,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 30,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;
- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 40,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and
- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 50,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators and the Sole Sponsor deem appropriate. In addition, the Joint Global Coordinators and the Sole Sponsor may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If either the Hong Kong Public Offering or the International Offering is not fully subscribed for, the Joint Global Coordinators has the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Offer Shares from such offering to the other, in such proportions as the Joint Global Coordinators deems appropriate.

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 or her that he or she and any person(s) for whose benefit he or 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 International

STRUCTURE OF THE GLOBAL OFFERING

Offering, 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 if he or she has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$1.8 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. If the Offer Price, as finally determined in the manner described in the subsection headed "Pricing and Allocation" under this section below, is less than the maximum price of HK\$1.8 per Hong Kong Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in "How to Apply for Hong Kong Offer Shares".

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Shares offered

Subject to reallocation as described above, the International Offering will consist of 90,000,000 Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering, assuming that the Over-allotment Option is not exercised. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares initially offered under the International Offering will represent approximately 22.5% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer 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 Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the subsection headed "Pricing and Allocation" under this section and 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 Shares, and/or hold or sell its Shares, after the Listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit, of our Company and our Shareholders as a whole.

STRUCTURE OF THE GLOBAL OFFERING

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “The Hong Kong Public Offering — Reallocation” or the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant an Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the Joint Global Coordinators has the right, exercisable at any time from the day on which trading of the Shares commences on the Stock Exchange until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue up to 15,000,000 additional Shares, representing in aggregate 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Shares allotted and issued will represent approximately 3.61% of our enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a public announcement will be made.

PRICING AND ALLOCATION

Determination of the Offer Price

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of the Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed by the Price Determination Agreement to be entered into between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Tuesday, 19 December 2017, and in any event on or before Wednesday, 27 December 2017, and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

STRUCTURE OF THE GLOBAL OFFERING

Offer Price range

The Offer Price will not be more than HK\$1.8 per Offer Share and is expected to be not less than HK\$1.5 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

Change to Offer Price range

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at www.hkexnews.hk and our Company at www.ibotech.hk, a notice of reduction in the number of Offer Shares and/or the indicative Offer Price range, in connection with such reduction. Upon issue of such notice, the revised number of Offer Shares and/or indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

Applicants should have regard to the possibility that any notice in connection with any such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the use of proceeds and the Global Offering statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. In the absence of any such notice published in relation to the reduction in the Offer Price, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus. If the number of Offer Shares and/or the indicative Offer Price range is reduced, applicants who have submitted an application under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

The net proceeds of the Global Offering accruing to our Company (after deduction of underwriting commissions, SFC transaction levy and the Stock Exchange trading fees in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK\$112.5 million, assuming an Offer Price per Offer Share of HK\$1.5, or approximately HK\$141.5 million, assuming an Offer Price per Offer Share of HK\$1.8.

STRUCTURE OF THE GLOBAL OFFERING

Announcement of Offer Price and basis of allocation

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allocation of Hong Kong Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Wednesday, 27 December 2017, in the manner set out in the paragraph “How to Apply for Hong Kong Offer Shares — Publication of results” in this prospectus.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

Innovax Securities has been appointed by us as the Stabilising Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilising) Rules (Chapter 571W of the Laws of Hong Kong) made under the SFO. In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilising transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Short sales involve the sale by the Stabilising Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. “Covered” short sales are sales made in an amount not greater than the Over-allotment Option. The Stabilising Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Offer Shares or purchasing Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilising Manager will consider, among other things, the price of Offer Shares in the open market as compared to the price at which they may purchase additional Offer Shares pursuant to the Over-allotment Option. Stabilising transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline in the market price of the Offer Shares while the Global Offering is in progress. Any market purchases of our Offer Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, or any person acting for it to conduct any such stabilising action. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares which may be made available upon exercise of the Over-allotment Option, being up to 15,000,000 Shares, which is in aggregate 15% of the Shares initially available under the Global Offering.

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In Hong Kong, stabilising activities must be carried out in accordance with the Securities and Futures (Price Stabilising) Rules. Stabilising actions permitted pursuant to the Securities and Futures (Price Stabilising) Rules include:

- (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of our Shares;
- (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares;
- (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above;
- (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price;
- (v) selling or agreeing to sell any of our Shares in order to liquidate any position established as a result of those purchases; and
- (vi) offering or attempting to do anything as described in paragraphs (ii), (iii), (iv) or (v) above.

Stabilising actions by the Stabilising Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilisation.

Specifically, prospective applicants for and investors in our Shares should note that:

- (i) as a result of effecting transactions to stabilise or maintain the market price of the Shares, the Stabilising Manager or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;
- (ii) there is no certainty as to the extent to which and the time period for which the Stabilising Manager will maintain such a long position;
- (iii) investors should be warned of the possible impact of any liquidation of the long position by the Stabilising Manager or any person acting for it, which may include a decline in the market price of the Shares;
- (iv) stabilisation cannot be used to support the price of the Shares for longer than the stabilisation period, which begins on the Listing Date and ends on Thursday, 18 January 2018, being the 30th day after the last day for lodging of applications under the Hong Kong Public Offering. The stabilisation period is expected to expire on Thursday, 18 January 2018. As a result, demand for the Shares, and their market price, may fall after the end of the stabilising period;
- (v) the price of any security (including the Shares) cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

STRUCTURE OF THE GLOBAL OFFERING

- (vi) stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules will be made within seven days of the expiration of the stabilising period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Joint Global Coordinators (or their affiliates and agents) may choose to borrow Shares from Shareholders of our Company under stock borrowing arrangements (being the maximum number of Shares which may be allotted and issued by our Company upon full exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercise of the Over-allotment Option.

The Stabilising Manager will enter into the Stock Borrowing Agreement with Shine Well, one of our Controlling Shareholders, whereby the Stabilising Manager may borrow Shares from Shine Well on the following conditions:

- (a) the stock borrowing will only be effected by the Stabilising Manager for the settlement of over-allocations in connection with the International Offering;
- (b) the maximum number of Shares borrowed from Shine Well will be limited to 15,000,000 Shares, being the maximum number of Shares which may be allotted and issued by our Company upon full exercise of the Over-allotment Option;
- (c) the same number of Shares borrowed from Shine Well must be returned to it or its nominees (as the case may be) no later than the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; (ii) the date on which the Over-allotment Option is exercised in full and the Shares to be allotted and issued upon exercise of the Over-allotment Option have been allotted and issued; or (iii) such earlier time as may be agreed in writing between Shine Well and the Stabilising Manager;
- (d) the stock borrowing arrangement will be effected in compliance with all applicable Listing Rules, laws and other regulatory requirements; and
- (e) no payments will be made to Shine Well by the Stabilising Manager in relation to such stock borrowing arrangement.

The Stock Borrowing Agreement will be effected in compliance with all applicable laws, rules and regulatory requirements. The Stock Borrowing Arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that it complies with the requirements set forth in Rule 10.07(3) of the Listing Rules. No payment will be made to Shine Well by the Stabilising Manager or its agent in relation to such Stock Borrowing Agreement.

STRUCTURE OF THE GLOBAL OFFERING

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 28 December 2017, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 28 December 2017. The Shares will be traded in board lots of 2,000 Shares each and the stock code is 2708.

HOW TO APPLY FOR 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 International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online *via* the **White Form eIPO** service at www.eipo.com.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 Joint Global Coordinators, the **White Form eIPO** 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 Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the 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); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) 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 authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering;
- an associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

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 www.eipo.com.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 between 9:00 a.m. on Thursday, 14 December 2017 until 12:00 noon on Tuesday, 19 December 2017:

- (i) the following offices of the Joint Global Coordinators:

Innovax Securities Limited	Unit A–C, 20/F., Neich Tower, 128 Gloucester Road, Wanchai, Hong Kong
Fortune (HK) Securities Limited	35/F Office Tower, Convention Plaza, No.1 Harbour Road, Wanchai, Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) any of the branches of the following receiving bank:

Standard Chartered Bank (Hong Kong) Limited	Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A Des Voeux Road Central Central
		Causeway Bay Branch	G/F to 2/F Yee Wah Mansion 38-40A Yee Wo Street Causeway Bay
	Kowloon	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road Mongkok
		Lok Fu Shopping Centre Branch	Shop G201, G/F. Lok Fu Shopping Centre
	New Territories	Tsuen Wan Branch	Shop C, G/F & 1/F Jade Plaza 298 Sha Tsui Road Tsuen Wan
		Tseung Kwan O Branch	Shop G37-40, G/F Hau Tak Shopping Centre East Wing Hau Tak Estate Tseung Kwan O

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 14 December 2017, until 12:00 noon on Tuesday, 19 December 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 "Horsford Nominees Limited — IBO Technology Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- 9:00 a.m. to 5:00 p.m. on Thursday, 14 December 2017.
- 9:00 a.m. to 5:00 p.m. on Friday, 15 December 2017.
- 9:00 a.m. to 1:00 p.m. on Saturday, 16 December 2017.
- 9:00 a.m. to 5:00 p.m. on Monday, 18 December 2017.
- 9:00 a.m. to 12:00 noon on Tuesday, 19 December 2017.

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 19 December 2017, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected. By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

- undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Global Coordinators (or its 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 of Association;
- agree to comply with the Companies (WUMP) Ordinance, the Companies Ordinance, and the Memorandum and Articles of Association;
- 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;
- confirm that you have received and read this prospectus and have only relied on the information and representations contained 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;
- confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- agree that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vii) 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 Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, the receiving banks, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) 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 Joint Global Coordinators, the Joint Bookrunners and the Underwriters nor any of their respective officers or advisers will breach any law 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 contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) 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 (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to deposit any Share certificate(s) into CCASS and/or to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application 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;
- (xvi) 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;
- (xvii) understand that our Company and the Joint Global Coordinators 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xviii) (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 **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (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; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through the **White Form eIPO** service are 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 authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for submitting applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 14 December 2017 until 11:30 a.m. on Tuesday, 19 December 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 19 December 2017 or such later time under the “Effects of bad weather on the opening of the application lists” in this section.

No multiple applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for 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 **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (WUMP) 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “IBO TECHNOLOGY COMPANY LIMITED” **White Form eIPO** application submitted via the website www.eipo.com.hk to support the funding of “Source of Dong Jiang — Hong Kong Forest” project initiated by Friends of the Earth (HK).

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 +852 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 this address.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and our 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:

- (i) 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;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted 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;
 - 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 Offer Shares under the International Offering;
 - (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 authorised to give those instructions as their agent;
 - confirm that you understand that our Company and the Joint Global Coordinators 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 if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- 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/or 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, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, the receiving banks, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents;
- 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;
- 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 Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us 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 (WUMP) 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 our Company's announcement of the Hong Kong Public Offering results;
- 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 the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree with our Company, for itself 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 itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (WUMP) Ordinance and the Memorandum and Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by 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 shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised 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 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- 9:00 a.m. to 8:30 p.m. ^(Note 1) on Thursday, 14 December 2017
- 8:00 a.m. to 8:30 p.m. ^(Note 1) on Friday, 15 December 2017
- 8:00 a.m. to 8:30 p.m. ^(Note 1) on Monday, 18 December 2017
- 8:00 a.m. ^(Note 1) to 12:00 noon on Tuesday, 19 December 2017

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 Thursday, 14 December 2017 until 12:00 noon on Tuesday, 19 December 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 19 December 2017, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

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 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 shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (WUMP) 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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) 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 Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** 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 in making your electronic applications. Our Company, our Directors, the Joint Bookrunners, the Sole Sponsor, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted 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. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System or CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 19 December 2017.

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 **White Form eIPO** 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 for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

HOW TO APPLY FOR HONG KONG OFFER SHARES

“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 **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 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.eipo.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are 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, see the subsection headed “Pricing and Allocation” under the section headed “Structure of the Global Offering” in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING 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 Tuesday, 19 December 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 Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 19 December 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 in such event.

HOW TO APPLY FOR HONG KONG OFFER SHARES

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, 27 December 2017 in The Standard (in English) and Hong Kong Economic Times (in Chinese) on our Company's website at www.ibotech.hk and the website of the Stock Exchange at www.hkexnews.hk.

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 date and in the manner specified below:

- in the announcement to be posted on our Company's website at www.ibotech.hk and the Stock Exchange's website at www.hkexnews.hk by no later than 8:00 a.m. on Wednesday, 27 December 2017;
- from the designated results of allocations website at www.iporeresults.com.hk with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, 27 December 2017 to 12:00 midnight on Tuesday, 2 January 2018;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Wednesday, 27 December 2017 to Saturday, 30 December 2017;
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 27 December 2017 to Friday, 29 December 2017 at all the receiving banks' designated branches and sub-branches.

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 Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" 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 ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the

HOW TO APPLY FOR HONG KONG OFFER SHARES

fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

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 (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) 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.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application 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.

(iv) 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 International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$1.8 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the 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 Wednesday, 27 December 2017.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted 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 Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, 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:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

HOW TO APPLY FOR HONG KONG OFFER SHARES

- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). 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(s). 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 despatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Wednesday, 27 December 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’s order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 28 December 2017 provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 27 December 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation’s chop. Both individuals and authorised 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 within the time specified for collection, they will be despatched promptly to the address specified on your Application Form by ordinary post 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) will be sent to the address on the relevant Application Form on or before Wednesday, 27 December 2017, by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Wednesday, 27 December 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 the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 27 December 2017, or upon 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 CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

If you are applying 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 in the manner described in "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 Wednesday, 27 December 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 CCASS Internet System.

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 27 December 2017, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-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 at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, 27 December 2017 by ordinary post at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via electronic application instructions to HKSCC

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 Wednesday, 27 December 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 number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Wednesday, 27 December 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 27 December 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 allotted 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 allotted 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 Wednesday, 27 December 2017. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of 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 HONG KONG OFFER SHARES

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 27 December 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 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 adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF IBO TECHNOLOGY COMPANY LIMITED AND INNOVAX CAPITAL LIMITED

Introduction

We report on the historical financial information of IBO Technology Company Limited (the “**Company**”, formerly known as China Security Control Company Limited) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-53, which comprises the consolidated statements of financial position as at 31 March 2015, 2016 and 2017 and 31 July 2017, the statements of financial position of the Company as at 31 March 2017 and 31 July 2017, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years ended 31 March 2017 and the four months ended 31 July 2017 (the “**Track Record Period**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-53 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 14 December 2017 (the “**Prospectus**”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants' Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical 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 the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2015, 2016 and 2017 and 31 July 2017, of the Company's financial position as at 31 March 2017 and 31 July 2017 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the four months ended 31 July 2016 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 basis of preparation and presentation set out in note 1 to the Historical Financial Information. 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 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 Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which contains information about the dividends paid by the Company's subsidiaries and states that no dividends have been paid by the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu*Certified Public Accountants*

Hong Kong

14 December 2017

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“**Underlying Financial Statements**”).

The Historical Financial Information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 March			Four months ended 31 July	
		2015 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000 (Unaudited)	2017 RMB'000
Revenue	5	29,132	56,934	103,893	15,994	56,944
Cost of sales and services rendered		<u>(12,674)</u>	<u>(22,697)</u>	<u>(50,313)</u>	<u>(7,109)</u>	<u>(37,345)</u>
Gross profit		16,458	34,237	53,580	8,885	19,599
Other income	6	8,220	8,127	3,715	1,018	570
Other expenses	10	(945)	(905)	(77)	(75)	(25)
Other gains and losses	7	(8)	(564)	(1,229)	(950)	250
Change in fair value of investment properties		3,300	3,730	1,470	270	70
Distribution and selling expenses		(737)	(858)	(1,055)	(229)	(226)
Administrative expenses		(6,988)	(6,230)	(7,826)	(2,224)	(2,888)
Finance costs	8	(5,460)	(4,892)	(2,770)	(1,106)	(789)
Research and development expenses		(1,426)	(796)	(544)	(227)	(1,241)
Listing expenses		<u>—</u>	<u>—</u>	<u>(6,984)</u>	<u>(1,744)</u>	<u>(8,398)</u>
Profit before taxation		12,414	31,849	38,280	3,618	6,922
Income tax expense	9	<u>(2,697)</u>	<u>(6,973)</u>	<u>(8,835)</u>	<u>(1,245)</u>	<u>(2,928)</u>
Profit and total comprehensive income for the year/period	10	<u>9,717</u>	<u>24,876</u>	<u>29,445</u>	<u>2,373</u>	<u>3,994</u>
Profit and total comprehensive income for the year/period attributable to						
— Owners of the Company		9,717	24,876	29,445	2,373	3,994
— Non-controlling interests		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>9,717</u>	<u>24,876</u>	<u>29,445</u>	<u>2,373</u>	<u>3,994</u>
Basic earnings per share (RMB cents)	14	<u>3.24</u>	<u>8.29</u>	<u>9.82</u>	<u>0.79</u>	<u>1.33</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	The Group			The Company		
		As at 31 March			As at	As at	As at
		2015	2016	2017	31 July	31 March	31 July
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Non-current assets							
Property, plant and equipment	15	5,760	4,546	3,894	3,619	—	—
Investment properties	16	14,000	17,730	19,200	19,270	—	—
Deferred tax assets	24	221	—	—	—	—	—
Investment in a subsidiary	33(a)	—	—	—	—	48,084	48,084
		<u>19,981</u>	<u>22,276</u>	<u>23,094</u>	<u>22,889</u>	<u>48,084</u>	<u>48,084</u>
Current assets							
Inventories	17	2,979	2,158	1,635	1,319	—	—
Trade and other receivables	18	38,776	40,881	67,013	98,011	1,753	4,308
Amounts due from customers							
for contract works	19	—	—	4,266	5,209	—	—
Amount due from a director	20	84,070	59,595	15,980	2,270	—	—
Amounts due from related							
companies	20	4,493	11,382	115	245	—	—
Pledged bank deposit	21	14,000	13,000	—	—	—	—
Bank balances and cash	21	317	4,310	31,568	36,265	—	—
		<u>144,635</u>	<u>131,326</u>	<u>120,577</u>	<u>143,319</u>	<u>1,753</u>	<u>4,308</u>
Current liabilities							
Trade and other payables	22	12,019	10,321	15,379	49,459	1,663	7,309
Amount due to a director	20	8,057	9,710	17,519	121	83	83
Amounts due to subsidiaries	33(b)	—	—	—	—	3,291	8,598
Tax payables		4,503	2,847	5,061	7,211	—	—
Bank borrowings	23	89,260	56,500	35,600	36,000	—	—
Deferred income		1,471	—	—	—	—	—
		<u>115,310</u>	<u>79,378</u>	<u>73,559</u>	<u>92,791</u>	<u>5,037</u>	<u>15,990</u>
Net current assets (liabilities)		<u>29,325</u>	<u>51,948</u>	<u>47,018</u>	<u>50,528</u>	<u>(3,284)</u>	<u>(11,682)</u>
Total assets less current liabilities		<u>49,306</u>	<u>74,224</u>	<u>70,112</u>	<u>73,417</u>	<u>44,800</u>	<u>36,402</u>
Non-current liability							
Deferred tax liabilities	24	<u>2,533</u>	<u>2,575</u>	<u>4,699</u>	<u>4,010</u>	<u>—</u>	<u>—</u>
Net Assets		<u>46,773</u>	<u>71,649</u>	<u>65,413</u>	<u>69,407</u>	<u>44,800</u>	<u>36,402</u>
Capital and reserves							
Share capital	25	4,759	4,759	1	1	1	1
Reserves		<u>42,014</u>	<u>66,890</u>	<u>65,412</u>	<u>69,406</u>	<u>44,799</u>	<u>36,401</u>
Equity attributable to owners of the Company		46,773	71,649	65,413	69,407	44,800	36,402
Non-controlling interests		—	—	—	—	—	—
Total Equity		<u>46,773</u>	<u>71,649</u>	<u>65,413</u>	<u>69,407</u>	<u>44,800</u>	<u>36,402</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					Sub-total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000 (Note 1)	Statutory surplus reserve RMB'000 (Note 2)	Retained profits RMB'000			
At 1 April 2014	4,759	—	—	3,765	28,532	37,056	—	37,056
Transfer	—	—	—	53	(53)	—	—	—
Profit and total comprehensive income for the year	—	—	—	—	9,717	9,717	—	9,717
At 31 March 2015	4,759	—	—	3,818	38,196	46,773	—	46,773
Transfer	—	—	—	1,765	(1,765)	—	—	—
Profit and total comprehensive income for the year	—	—	—	—	24,876	24,876	—	24,876
At 31 March 2016	4,759	—	—	5,583	61,307	71,649	—	71,649
Effect of group reorganisation	(4,758)	48,083	(43,325)	—	—	—	—	—
Transfer	—	—	—	3,000	(3,000)	—	—	—
Profit and total comprehensive income for the year	—	—	—	—	29,445	29,445	—	29,445
Dividend recognised as distribution (Note 13)	—	—	—	—	(35,681)	(35,681)	—	(35,681)
At 31 March 2017	1	48,083	(43,325)	8,583	52,071	65,413	—	65,413
Profit and total comprehensive income for the period	—	—	—	—	3,994	3,994	—	3,994
At 31 July 2017	<u>1</u>	<u>48,083</u>	<u>(43,325)</u>	<u>8,583</u>	<u>56,065</u>	<u>69,407</u>	<u>—</u>	<u>69,407</u>
(Unaudited)								
At 1 April 2016	4,759	—	—	5,583	61,307	71,649	—	71,649
Effect of group reorganisation	(4,758)	48,083	(43,325)	—	—	—	—	—
Profit and total comprehensive income for the period	—	—	—	—	2,373	2,373	—	2,373
Dividend recognised as distribution (Note 13)	—	—	—	—	(35,681)	(35,681)	—	(35,681)
At 31 July 2016	<u>1</u>	<u>48,083</u>	<u>(43,325)</u>	<u>5,583</u>	<u>27,999</u>	<u>38,341</u>	<u>—</u>	<u>38,341</u>

Notes:

1. Merger reserve represented the difference between the share capital of Abacus International Group Company Limited (“**Abacus**”) (formerly known as Abacus Network Company Limited), which was transferred from Shine Well Holdings Limited (“**Shine Well**”), an immediate and ultimate holding company of the Company to IBO Holdings Limited (“**IBO Holdings**”) pursuant to the Reorganisation, as defined and detailed in Note 1, and share capital and share premium of IBO Holdings.
2. As stipulated by the relevant laws and regulations for enterprises in the People’s Republic of China (“**PRC**”), the Company’s PRC subsidiaries are required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of at least 10% of profit after taxation as reflected in the statutory financial statements of the relevant PRC subsidiaries while the amounts and allocation basis are decided by their board of directors annually. The appropriation to statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the relevant PRC subsidiaries’ registered capital. The statutory surplus reserves can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March			Four months ended 31 July	
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000	2017 RMB'000
				(Unaudited)	
OPERATING ACTIVITIES					
Profit before taxation	12,414	31,849	38,280	3,618	6,922
Adjustments for:					
Change in fair value of investment properties	(3,300)	(3,730)	(1,470)	(270)	(70)
Depreciation of property, plant and equipment	1,267	1,132	937	325	301
Interest income	(6,425)	(5,599)	(1,179)	(897)	(4)
Loss on disposal of property, plant and equipment	—	95	—	—	—
Finance costs	5,460	4,892	2,770	1,106	789
Recognition of impairment on trade receivables	—	441	—	—	—
Write off of receipt in advance	(1)	(70)	—	—	—
Write off of trade payables	—	(161)	—	—	—
Operating cash flows before movements in working capital	9,415	28,849	39,338	3,882	7,938
(Increase) decrease in amounts due from related companies	(2,839)	(5,067)	8,005	3,188	—
(Increase) decrease in inventories	(1,315)	821	523	887	316
Increase in trade and other receivables	(4,997)	(4,182)	(24,821)	(7,388)	(28,443)
Increase in amounts due from a customer for contract works	—	—	(4,266)	(843)	(943)
Increase (decrease) in trade and other payables	1,070	(1,467)	5,058	(1,361)	32,694
Decrease in deferred income	(1,669)	(1,471)	—	—	—
Cash (used in) generated from operations	(335)	17,483	23,837	(1,635)	11,562
Income tax paid	—	(8,366)	(4,497)	(1,492)	(1,467)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(335)	9,117	19,340	(3,127)	10,095

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
INVESTING ACTIVITIES					
Advances to a director	(127,512)	(84,417)	(73,038)	(14,375)	(112,309)
Purchase of property, plant and equipment	(97)	(45)	(285)	(262)	(26)
Repayment from a director	99,880	108,892	116,653	62,596	126,019
Advance to a related company	(1,296)	(1,822)	(1,277)	—	(130)
Repayment from a related company	—	—	4,539	1,570	—
Interest received	5,771	7,235	1,179	897	4
Placement of pledged bank deposit	—	(13,000)	—	—	—
Withdrawal of pledged bank deposit	—	14,000	13,000	13,000	—
Proceeds from disposal of property, plant and equipment	—	32	—	—	—
NET CASH (USED IN) FROM INVESTING ACTIVITIES	<u>(23,254)</u>	<u>30,875</u>	<u>60,771</u>	<u>63,426</u>	<u>13,558</u>
FINANCING ACTIVITIES					
Repayments of bank borrowings	(82,790)	(117,760)	(70,900)	(7,900)	(10,400)
Interest paid	(5,460)	(4,892)	(2,770)	(1,106)	(789)
Repayment to a director	(12)	(16,943)	(1,036)	(671)	(19,481)
Proceeds from bank borrowings	111,000	85,000	50,000	13,000	10,800
Loan from a director	589	18,596	8,845	4,911	2,083
Dividends paid	—	—	(35,681)	(35,681)	—
Issue costs paid	—	—	(1,311)	(1,101)	(1,169)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	<u>23,327</u>	<u>(35,999)</u>	<u>(52,853)</u>	<u>(28,548)</u>	<u>(18,956)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(262)	3,993	27,258	31,751	4,697
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/ PERIOD	<u>579</u>	<u>317</u>	<u>4,310</u>	<u>4,310</u>	<u>31,568</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/ PERIOD, represented by bank balances and cash	<u>317</u>	<u>4,310</u>	<u>31,568</u>	<u>36,061</u>	<u>36,265</u>

NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1. GROUP REORGANISATION, BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 April 2016 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with the name of China Security Control Company Limited. Pursuant to a special resolution of the Company dated 15 June 2017, the name of the Company was changed from China Security Control Company Limited to IBO Technology Company Limited. The addresses of the Company's registered office and the principal place of business are disclosed in the section "Corporate Information" in the Prospectus. Its immediate and ultimate holding company is Shine Well. The ultimate controlling shareholder of the Group is Mr. Lai Tse Ming, who has historically and throughout the Track Record Period been the controlling shareholder of the Group (the "Controlling Shareholder").

The Company is an investment holding company. The principal activities of its subsidiaries are engaged in sale of Radio Frequency Identification ("RFID") equipment and electronic products (collectively the "intelligent terminal products"), provision of system maintenance services, development of customised softwares and provision of coordination, management and installation services of smart cities, as well as collection, process and storage of data, text and graphics.

The companies now comprising the Group underwent a series of reorganisation (the "Reorganisation"). Prior to the Reorganisation, the entire equity interest of Abacus and its subsidiaries, 艾伯資訊(深圳)有限公司 (IBO Information (Shenzhen) Limited) ("IBO"), Cyber Sharp Limited ("Cyber Sharp"), 深圳市國桐智能科技有限公司 (Shenzhen Guotong Intelligence Technologies Limited) ("Guotong"), 博海智能科技(深圳)有限公司 (Bohai Intelligence Technologies (Shenzhen) Limited) ("Shenzhen Bohai") and 深圳市艾伯數字技術有限公司 (IBO Shenzhen Digital Technology Limited) ("IBO Digital") were held by Shine Well, a company wholly-owned by Mr. Lai Tse Ming. Pursuant to the Reorganisation, which was completed by interspersing the Company and IBO Holdings between Shine Well and Abacus, which is achieved by the allotment of 99,999 shares of the Company to Shine Well, the Company became the holding company of the companies now comprising the Group on 29 June 2016. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows which include the results, changes in equity and cash flows of the companies comprising the Group for the years ended 31 March 2015, 2016 and 2017 and four months ended 31 July 2016 (Unaudited), have been prepared as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation or establishment, where it is a shorter period. The consolidated statements of financial position of the Group as at 31 March 2015 and 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates.

The Historical Financial Information is presented in RMB, which is the same as the functional currency of the Company and its subsidiaries.

The Historical Financial Information has been prepared in accordance with accounting policies set out in note 3 which conform with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the HKFRSs, Hong Kong Accounting Standards (“HKASs”), amendments and interpretations issued by the HKICPA, which are effective for the accounting periods beginning on 1 April 2017 throughout the Track Record Period.

At the date of this report, the HKICPA has issued the following new standards, amendments and interpretations to HKFRSs that are not yet effective. The Group has not early adopted these new standards, amendments and interpretations to HKFRSs.

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ³
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ³
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 40	Transfer of Investment Property ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle, except for amendments to HKFRS 12 ¹

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2019.

Except as described below, the directors of the Company anticipate that the application of other new standards, amendments and interpretations to HKFRSs will have no material impact on the consolidated financial statements of the Group in the future.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 July 2017, except for the expected credit loss model which may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost, the directors of the Company do not anticipate that the application of HKFRS 9 in the future will have a material impact on the Group's future financial statements.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18, however, the allocation of total consideration to the respective performance obligations will be based on relative fair values which will potentially affect the timing and amounts of revenue recognition. In addition, the application of HKFRS 15 may result in more disclosures in the consolidated financial statements in the future. Also having considered that the use of output/input methods under HKFRS 15 in measuring the percentage of completion being similar to the methods set out under HKAS 11 and the fact that the Group did not have significant amount of uninstalled materials, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the future.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, among others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 July 2017, the Group has non-cancellable operating lease commitments of RMB1,592,000 as disclosed in note 29. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in more disclosure as indicated above. The directors of the Company do not expect the adoption of HKFRS16 as compared with the current accounting policy would result in significant impact on the Group's financial performance in future.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for investment properties that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investment in a subsidiary

Investment in a subsidiary is stated in the statement of financial position of the Company at cost less any identified impairment loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customers returns, rebates and other similar allowance.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Commission income is recognised as the services are provided.

System maintenance service income is recognised on a straight-line basis over the terms of the relevant contract.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- income from provision of coordination, management and installation services of smart cities is recognised by reference to the stage of completion of the contract activity at the end of each reporting period, measured by the proportion that the value of work carried out during the year/period, except where this would not be representative of the stage of completion.
- service fees related to development of customised softwares are recognised by reference to the proportion of total cost of providing the services.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those asset, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period, measured by the proportion that the value of work carried out during the year/period, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract works. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract works. Amounts received before the related work is performed are included in the consolidated statements of financial position as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under trade and other receivables.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Retirement benefits costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from “profit before taxation” as reported in the consolidated statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in a subsidiary, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Impairment losses

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a director, amounts due from related companies, pledged bank deposit and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised costs, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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 previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amount due to a director, amounts due to subsidiaries and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The 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.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and further periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the management of the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management of the Group has reviewed the Group's investment property portfolios and concluded that the Group's investment properties in PRC are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. As a result, the management of the Group has determined that the presumption that investment properties measured using the fair values model are recovered through sale is rebutted and the Group estimated the deferred tax on the basis of recovering through use.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Estimated outcome of coordination, management and installation services contracts of smart cities

The Group recognises contract revenue and cost of coordination, management and installation services contracts of smart cities according to the management's estimation of the progress and outcome of the project. Estimated revenue is determined in accordance with the terms set out in the relevant contract or, in case of variation orders, based on contract terms or other forms of agreements. Estimated contract cost, which mainly comprises direct labour cost and costs of materials, is variable and estimated by the directors of the Company on the basis of estimated cost of direct labour and costs of materials from time to time based on quotations provided by the major suppliers/vendors involved and the experience of the directors of the Company. Notwithstanding that the directors of the Company frequently review and revise the estimates of both estimated revenue and costs for the coordination, management and installation services contract of smart cities as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

As at 31 March 2017 and 31 July 2017, the carrying amounts of amounts due from customers for contract works of the Group were RMB4,266,000 and RMB5,209,000, respectively.

Estimated impairment of trade and retention receivables

The management of the Group estimates the recoverability of trade and retention receivables at the end of each reporting period. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at 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 (i.e. the effective interest rate compounded at initial recognition). Where the actual future cash flows are less than expected, an impairment loss may arise.

As at 31 March 2015, 2016 and 2017 and 31 July 2017, the carrying amounts of trade and retention receivables of the Group were RMB8,177,000, RMB22,073,000, RMB53,604,000 and RMB86,567,000, respectively.

Net realisable value of inventories

The management of the Group reviews inventories on a product-by-product basis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The management of the Group estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. As at 31 March 2015, 2016 and 2017 and 31 July 2017, the carrying values of inventories were RMB2,979,000, RMB2,158,000, RMB1,635,000 and RMB1,319,000, respectively.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from sale of intelligent terminal products, provision of coordination, management and installation services of smart cities, provision of system maintenance services and development of customised softwares during the Track Record Period.

The Group's operating segments are determined based on information reported to Mr. Lai Tse Ming, being the chief operating decision maker ("CODM") of the Group for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group. The Group's reportable and operating segments are as follow:

- (i) Intelligent terminal products sales segment — sales of intelligent terminal products;
- (ii) System integration segment — provision of tailor-made system solutions applying internet of things ("IoT") technologies of smart cities by provision of coordination, management and installation services, sale of intelligent terminal products as well as development of customised softwares;

- (iii) Software development segment — development of customised softwares; and
- (iv) System maintenance services segment — provision of system maintenance services.

The CODM considers the Group has four reportable and operating segments which are based on the internal organisation and reporting structure. This is the basis upon which the Group is organised.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

For the year ended 31 March 2015

	Intelligent terminal products sales <i>RMB'000</i>	System integration <i>RMB'000</i>	Software development <i>RMB'000</i>	System maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE					
External sales	4,436	5,391	10,461	8,844	29,132
SEGMENT PROFIT	<u>1,928</u>	<u>2,499</u>	<u>8,160</u>	<u>3,871</u>	16,458
Unallocated income					8,220
Unallocated expenses					(10,096)
Finance costs					(5,460)
Unallocated other gains and losses					(8)
Change in fair value of investment properties					<u>3,300</u>
Profit before taxation					<u>12,414</u>

For the year ended 31 March 2016

	Intelligent terminal products sales <i>RMB'000</i>	System integration <i>RMB'000</i>	Software development <i>RMB'000</i>	System maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE					
External sales	30,185	9,058	9,790	7,901	56,934
SEGMENT PROFIT	<u>17,918</u>	<u>5,744</u>	<u>7,660</u>	<u>2,915</u>	34,237
Unallocated income					8,127
Unallocated expenses					(8,789)
Finance costs					(4,892)
Unallocated other gains and losses					(564)
Change in fair value of investment properties					<u>3,730</u>
Profit before taxation					<u>31,849</u>

For the year ended 31 March 2017

	Intelligent terminal products sales <i>RMB'000</i>	System integration <i>RMB'000</i>	Software development <i>RMB'000</i>	System maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE					
External sales	<u>34,301</u>	<u>41,538</u>	<u>21,511</u>	<u>6,543</u>	<u>103,893</u>
SEGMENT PROFIT	<u>19,359</u>	<u>15,847</u>	<u>16,917</u>	<u>1,457</u>	53,580
Unallocated income					3,715
Unallocated expenses					(9,502)
Finance costs					(2,770)
Listing expenses					(6,984)
Unallocated other gains and losses					(1,229)
Change in fair value of investment properties					<u>1,470</u>
Profit before taxation					<u>38,280</u>

For the four months ended 31 July 2016 (Unaudited)

	Intelligent terminal products sales <i>RMB'000</i>	System integration <i>RMB'000</i>	Software development <i>RMB'000</i>	System maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE					
External sales	<u>6,234</u>	<u>1,175</u>	<u>6,265</u>	<u>2,320</u>	<u>15,994</u>
SEGMENT PROFIT	<u>2,895</u>	<u>452</u>	<u>4,861</u>	<u>677</u>	8,885
Unallocated income					1,018
Unallocated expenses					(2,755)
Finance costs					(1,106)
Listing expenses					(1,744)
Unallocated other gains and losses					(950)
Change in fair value of investment properties					<u>270</u>
Profit before taxation					<u>3,618</u>

For the four months ended 31 July 2017

	Intelligent terminal products sales <i>RMB'000</i>	System integration <i>RMB'000</i>	Software development <i>RMB'000</i>	System maintenance services <i>RMB'000</i>	Total <i>RMB'000</i>
REVENUE					
External sales	<u>5,535</u>	<u>48,697</u>	<u>568</u>	<u>2,144</u>	<u>56,944</u>
SEGMENT PROFIT	<u>3,218</u>	<u>15,444</u>	<u>431</u>	<u>506</u>	19,599
Unallocated income					570
Unallocated expenses					(4,380)
Finance costs					(789)
Listing expenses					(8,398)
Unallocated other gains and losses					250
Change in fair value of investment properties					<u>70</u>
Profit before taxation					<u>6,922</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit before taxation earned by each segment without allocation of other income, other expenses, other gains and losses, change in fair value of investment properties, distribution and selling expenses, administrative expenses, finance costs, listing expenses and research and development expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

No segment assets and liabilities information is provided as no such information is regularly provided to the CODM of the Group on making decision for resources allocation and performance assessment.

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	Year ended 31 March			Four months ended 31 July	
	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>
Provision of coordination, management and installation services of smart cities	629	5,114	41,538	1,175	46,372
Sales of intelligent terminal products	8,468	33,460	34,264	6,234	7,832
Provision of system maintenance services	8,844	7,901	6,543	2,320	2,144
Development of customised softwares	<u>11,191</u>	<u>10,459</u>	<u>21,548</u>	<u>6,265</u>	<u>596</u>
	<u>29,132</u>	<u>56,934</u>	<u>103,893</u>	<u>15,994</u>	<u>56,944</u>

Geographical information

As all the Group's revenue is derived from customers located in the PRC and all the Group's identifiable non-current assets are principally located in the PRC, no geographical segment information is presented.

Information about major customers

Revenue from customers during the Track Record Period individually contributing over 10% of the Group's revenue is as follows:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Customer A ^{1&4}	N/A ⁵	24,306	13,965	7,326	N/A ⁵
Customer B ³	6,424	N/A ⁵	N/A ⁵	1,878	N/A ⁵
Customer C ²	4,840	N/A ⁵	—	—	—
Customer D ⁴	4,160	—	—	—	—
Customer E ⁴	3,200	—	—	—	—
Customer F ¹	—	—	19,709	—	—
Customer G ²	—	N/A ⁵	41,538	N/A ⁵	20,648
Customer H ⁴	—	—	N/A ⁵	3,774	—
Customer I ²	—	—	—	—	16,854
Customer J ²	—	—	—	N/A ⁵	5,735

1. Revenue from intelligent terminal products sales segment
2. Revenue from provision of system integration segment
3. Revenue from provision of system maintenance services segment
4. Revenue from software development segment
5. The corresponding revenue did not contribute over 10% of the total revenue of the Group

6. OTHER INCOME

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest income					
— from bank deposits	660	432	144	3	4
— from amount due from a director	5,765	5,167	1,035	894	—
Rental income	513	478	576	121	198
Government grants (<i>Note</i>)	230	1,973	1,928	—	360
Commission income	1,052	77	32	—	8
	<u>8,220</u>	<u>8,127</u>	<u>3,715</u>	<u>1,018</u>	<u>570</u>

Note: Government grants represented unconditional grants in relation to sale of qualifying technological products granted by the local government to IBO.

7. OTHER GAINS AND LOSSES

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Recognition of impairment on trade receivables	—	(441)	—	—	—
Net exchange (loss) gain	(9)	(259)	(1,229)	(950)	250
Loss on disposal of property, plant and equipment	—	(95)	—	—	—
Write off of receipt in advance	1	70	—	—	—
Write off of trade payables	—	161	—	—	—
	<u>(8)</u>	<u>(564)</u>	<u>(1,229)</u>	<u>(950)</u>	<u>250</u>

8. FINANCE COSTS

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest on bank borrowings	<u>5,460</u>	<u>4,892</u>	<u>2,770</u>	<u>1,106</u>	<u>789</u>

9. INCOME TAX EXPENSE

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current tax:					
PRC Enterprise Income Tax ("EIT")	1,375	4,059	6,711	928	2,267
Withholding tax	—	2,651	—	—	1,350
	<u>1,375</u>	<u>6,710</u>	<u>6,711</u>	<u>928</u>	<u>3,617</u>
Deferred tax (note 24)	<u>1,322</u>	<u>263</u>	<u>2,124</u>	<u>317</u>	<u>(689)</u>
	<u>2,697</u>	<u>6,973</u>	<u>8,835</u>	<u>1,245</u>	<u>2,928</u>

Hong Kong

No provision for Hong Kong Profits Tax was made in the Historical Financial Information as the Group had no assessable profit subject to Hong Kong Profits Tax during the Track Record Period.

PRC

Pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC (the "PRC EIT Law"), the statutory tax rate of PRC subsidiaries is 25% during the Track Record Period.

In August 2013, IBO was granted the High and New Technology Enterprise ("HNTE") by Shenzhen Finance Bureau, Administrator of Local Taxation of Shenzhen Municipality (the "Shenzhen Local Taxation Administrator") and Shenzhen Municipal office of the State Administration of Taxation, which was renewed in November 2016, pursuant to the release of new regulation with effect from 1 January 2016 and therefore is entitled to preferential tax rate of 15% from 2013 to 2018 in accordance to the PRC EIT Law.

During the Track Record Period, no provision of EIT for Guotong, Shenzhen Bohai and IBO Digital have been made as no assessable income arises in, nor is derived from the PRC during the Track Record Period.

The tax charge for the Track Record Period can be reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March			Four months ended 31 July	
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000 (Unaudited)	2017 RMB'000
Profit before taxation	<u>12,414</u>	<u>31,849</u>	<u>38,280</u>	<u>3,618</u>	<u>6,922</u>
Tax at the applicable tax rate of 15%	1,862	4,777	5,742	543	1,038
Tax effect of expenses not deductible for tax purposes	258	284	1,438	426	1,276
Additional tax benefit on research and development expenses (<i>Note</i>)	—	(221)	(248)	—	—
Deferred tax on undistributed earnings of PRC subsidiaries	577	2,133	1,903	276	643
Others	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(29)</u>
Tax charge for the year/period	<u>2,697</u>	<u>6,973</u>	<u>8,835</u>	<u>1,245</u>	<u>2,928</u>

Note: Pursuant to the relevant tax rules and regulations, the Group could obtain additional tax benefit, which is a further 50% of certain qualified research and development cost incurred endorsed by the Shenzhen Local Taxation Administrator.

10. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD

Profit and total comprehensive income for the year/period has been arrived at after charging:

	Year ended 31 March			Four months ended 31 July	
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000 (Unaudited)	2017 RMB'000
Directors' remuneration:					
— Fees	—	—	—	—	—
— Salaries and other allowances	817	865	1,376	403	450
— Retirement benefit scheme contributions	32	30	44	17	27
Other staff costs:					
— Salaries and other allowances	9,030	8,336	10,892	2,588	3,698
— Retirement benefit scheme contributions	560	516	1,085	390	773
Total staff costs	<u>10,439</u>	<u>9,747</u>	<u>13,397</u>	<u>3,398</u>	<u>4,948</u>
Auditor's remuneration	12	12	12	—	—
Surcharges on overdue payments to governmental authorities and compensation expenses	945	905	77	75	25
Depreciation of property, plant and equipment	1,267	1,132	937	325	301
Capitalised in inventories	<u>(665)</u>	<u>(709)</u>	<u>(712)</u>	<u>(230)</u>	<u>(76)</u>
	<u>602</u>	<u>423</u>	<u>225</u>	<u>95</u>	<u>225</u>
Cost of inventories recognised as an expense (included in cost of sales and services rendered)	4,280	13,521	38,905	4,062	34,830
Gross rental income from investment properties, net of direct operating expenses incurred for investment properties	513	478	576	121	198
Minimum operating lease rental expense in respect of rented premises	<u>1,365</u>	<u>1,562</u>	<u>1,886</u>	<u>599</u>	<u>912</u>

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable by the entities comprising the Group to the directors and chief executive of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) during the Track Record Period are as follows:

	Date of appointment as a director of the Company	Fee RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Year ended 31 March 2015					
Executive directors:					
Mr. Lai Tse Ming	15 April 2016	—	180	—	180
Mr. Gao Wei Long (<i>Note</i>)	2 May 2017	—	295	16	311
Mr. Teng Feng	2 May 2017	—	342	16	358
Mr. Yu Kin Keung	2 May 2017	—	—	—	—
Total		—	817	32	849
Year ended 31 March 2016					
Executive directors:					
Mr. Lai Tse Ming	15 April 2016	—	180	—	180
Mr. Gao Wei Long (<i>Note</i>)	2 May 2017	—	295	14	309
Mr. Teng Feng	2 May 2017	—	342	14	356
Mr. Yu Kin Keung	2 May 2017	—	48	2	50
Total		—	865	30	895
Year ended 31 March 2017					
Executive directors:					
Mr. Lai Tse Ming	15 April 2016	—	180	—	180
Mr. Gao Wei Long (<i>Note</i>)	2 May 2017	—	320	13	333
Mr. Teng Feng	2 May 2017	—	368	15	383
Mr. Yu Kin Keung	2 May 2017	—	508	16	524
Total		—	1,376	44	1,420

	Date of appointment as a director of the Company	Fee <i>RMB'000</i>	Salaries and other allowances <i>RMB'000</i>	Retirement benefit scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
For the four months ended 31 July 2016 (Unaudited)					
Executive directors:					
Mr. Lai Tse Ming	15 April 2016	—	60	—	60
Mr. Gao Wei Long (<i>Note</i>)	2 May 2017	—	99	6	105
Mr. Teng Feng	2 May 2017	—	115	6	121
Mr. Yu Kin Keung	2 May 2017	—	129	5	134
Total		—	403	17	420

	Date of appointment as a director of the Company	Fee <i>RMB'000</i>	Salaries and other allowances <i>RMB'000</i>	Retirement benefit scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
For the four months ended 31 July 2017					
Executive directors:					
Mr. Lai Tse Ming	15 April 2016	—	60	—	60
Mr. Gao Wei Long (<i>Note</i>)	2 May 2017	—	103	11	114
Mr. Teng Feng	2 May 2017	—	120	11	131
Mr. Yu Kin Keung	2 May 2017	—	167	5	172
Total		—	450	27	477

Note: Mr. Gao Wei Long is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Group during the Track Record Period.

During the Track Record Period, no emoluments were paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the directors or the chief executive of the Company waived or agreed to waive any emolument during the Track Record Period.

12. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group include 2, 2, 3, 3 (Unaudited) and 3 directors of the Company for each of the three years ended 31 March 2017 and four months ended 31 July 2016 and 31 July 2017 respectively. The emoluments of the remaining 3, 3, 2, 2 (Unaudited) and 2 individuals for each of the three years ended 31 March 2017 and four months ended 31 July 2016 and 31 July 2017, respectively, are as follows:

	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries and other allowances	739	723	589	164	209
Retirement benefit scheme contributions	<u>16</u>	<u>28</u>	<u>25</u>	<u>12</u>	<u>23</u>
	<u>755</u>	<u>751</u>	<u>614</u>	<u>176</u>	<u>232</u>

The emoluments of the employees were within the following bands:

	Number of employees				
	Year ended 31 March			Four months ended 31 July	
	2015	2016	2017	2016	2017
				(Unaudited)	
Nil to HK\$1,000,000	<u>3</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>

During the Track Record Period, no emoluments were paid by the Group to any of the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

On 8 April 2016, an interim dividend of RMB19,540,000 for the year ended 31 March 2016 and a final dividend of RMB16,141,000 for the year ended 31 March 2015 final were declared by Abacus to Shine Well.

The rate of dividend and the number of shares ranking for the above dividend are not presented as such information is not meaningful having regard to the purpose of this report.

Other than the above, no dividend was paid or declared by the Company since its incorporation or by group entities for the three years ended 31 March 2017 and four months ended 31 July 2017.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three years ended 31 March 2017 and four months ended 31 July 2016 (Unaudited) and 31 July 2017 is based on the earnings attributable to equity holders of the Company and the weighted average number of ordinary shares of 300,000,000 for the three years ended 31 March 2017 and four months ended 31 July 2016 (Unaudited) and 31 July 2017, which has been adjusted retrospectively for the effect of shares issued in connection with the Reorganisation as set out in note 1 and the effect of the Capitalisation Issue (as defined in note 35) set out in the section headed "Share Capital" in this Prospectus as if both the Reorganisation and Capitalisation Issue had been effective since 1 April 2014.

No diluted earnings per share is presented as there was no potential dilutive ordinary share in issue.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Office equipment <i>RMB'000</i>	Total <i>RMB'000</i>
COST					
At 1 April 2014	741	352	1,287	10,260	12,640
Additions	—	—	—	97	97
At 31 March 2015	741	352	1,287	10,357	12,737
Additions	—	—	—	45	45
Disposals	—	—	(377)	(1,909)	(2,286)
At 31 March 2016	741	352	910	8,493	10,496
Additions	—	—	—	285	285
At 31 March 2017	741	352	910	8,778	10,781
Additions	—	—	—	26	26
At 31 July 2017	741	352	910	8,804	10,807
DEPRECIATION					
At 1 April 2014	351	194	871	4,294	5,710
Provided for the year	148	67	169	883	1,267
At 31 March 2015	499	261	1,040	5,177	6,977
Provided for the year	148	67	65	852	1,132
Eliminated on disposals	—	—	(345)	(1,814)	(2,159)
At 31 March 2016	647	328	760	4,215	5,950
Provided for the year	53	5	37	842	937
At 31 March 2017	700	333	797	5,057	6,887
Provided for the period	7	2	11	281	301
At 31 July 2017	707	335	808	5,338	7,188
CARRYING VALUES					
At 31 March 2015	242	91	247	5,180	5,760
At 31 March 2016	94	24	150	4,278	4,546
At 31 March 2017	41	19	113	3,721	3,894
At 31 July 2017	34	17	102	3,466	3,619

The above items of property, plant and equipment are depreciated, taking into account their estimated residual values, on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	Over the term of the relevant lease, or 5 years whichever is shorter
Furniture and fixtures	Over 5 years
Motor vehicles	Over 5–10 years
Office equipment	Over 5–10 years

16. INVESTMENT PROPERTIES

	<i>RMB'000</i>
FAIR VALUE	
At 1 April 2014	10,700
Gain on fair value change recognised in profit or loss	<u>3,300</u>
At 31 March 2015	14,000
Gain on fair value change recognised in profit or loss	<u>3,730</u>
At 31 March 2016	17,730
Gain on fair value change recognised in profit or loss	<u>1,470</u>
At 31 March 2017	19,200
Gain on fair value change recognised in profit or loss	<u>70</u>
At 31 July 2017	<u><u>19,270</u></u>

The Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties situated on land in the PRC as at 31 March 2015, 2016 and 2017 and 31 July 2017 have been arrived at on the basis of valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent qualified professional valuers not connected to the Group. The office of Jones Lang LaSalle Corporate Appraisal and Advisory Limited is located on 6/F, Three Pacific Place, 1 Queen's Road East, Hong Kong.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair value was determined based on direct comparison approach for the buildings. The approach uses prices generated by market transactions involving comparable properties.

One of the key inputs used in valuing the buildings was the price per square meter, which ranged from RMB19,000 to RMB19,500, RMB24,500 to RMB25,000, RMB26,000 to RMB27,000 and RMB26,000 to RMB28,000 as at 31 March 2015, 2016 and 2017 and 31 July 2017, respectively. Higher price per square meter used would result in a higher fair value of the respective buildings and vice versa.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 March 2015, 2016 and 2017 and 31 July 2017 are as follows:

	Fair value hierarchy	Fair value as at 31 March		Fair value as at 31 July	
		2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>	2017 <i>RMB'000</i>
Commercial property units located in Shenzhen, the PRC	Level 3	<u>14,000</u>	<u>17,730</u>	<u>19,200</u>	<u>19,270</u>

There were no transfers into or out of Level 3 during the Track Record Period.

All of the Group's investment properties have been pledged to secure banking facilities granted to the Group.

17. INVENTORIES

	As at 31 March		As at 31 July	
	2015	2016	2017	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	1,215	874	687	684
Finished goods	<u>1,764</u>	<u>1,284</u>	<u>948</u>	<u>635</u>
	<u>2,979</u>	<u>2,158</u>	<u>1,635</u>	<u>1,319</u>

18. TRADE AND OTHER RECEIVABLES

The Group

	As at 31 March		As at 31 July	
	2015	2016	2017	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	8,056	21,624	53,265	84,919
Retention receivables	121	449	339	1,648
Other receivables (<i>Note</i>)	29,080	455	1,298	1,698
VAT recoverable	—	1,963	1,632	—
Prepayments	1,199	15,850	8,163	4,875
Deferred listing expenses	—	—	1,753	4,308
Rental deposit	<u>320</u>	<u>540</u>	<u>563</u>	<u>563</u>
Total trade and other receivables	<u>38,776</u>	<u>40,881</u>	<u>67,013</u>	<u>98,011</u>

Note: Included in the balance as at 31 March 2015 was an amount due from an independent non-financial institution arising from the novation of trade receivable with aggregate carrying amount of RMB27,088,000 from the Group to that non-financial institution without recourse during the year, the balance was subsequently settled during the year ended 31 March 2016.

The Company

	As at 31 March 2017 RMB'000	As at 31 July 2017 RMB'000
Deferred listing expenses	<u>1,753</u>	<u>4,308</u>

The Group allows credit period ranging from 30 days to 180 days which are agreed with each of its trade customers. Retention receivables are unsecured, interest-free and recoverable at the end of the defect liability period of individual contracts, normally within 1 year from the date of the completion of the respective project.

The following is an aged analysis of trade and retention receivables net of allowance for doubtful debts presented based on date of delivering of goods/payment certificates/invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	As at 31 March		As at 31 July	
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2017 RMB'000
0–30 days	1,752	6,638	7,673	29,934
31–90 days	1,082	6,812	7,496	27,496
91–180 days	4,194	2,752	36,616	2,277
Over 180 days	<u>1,149</u>	<u>5,871</u>	<u>1,819</u>	<u>26,860</u>
	<u>8,177</u>	<u>22,073</u>	<u>53,604</u>	<u>86,567</u>

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributed to customers and credit term granted to customers are reviewed regularly. The majority of the Group's trade receivables that are neither past due nor impaired have no history of defaulting on repayments.

Included in the Group's trade receivables balances as at 31 March 2015, 2016 and 2017 and 31 July 2017 are debtors with aggregate carrying amounts of RMB1,149,000, RMB5,871,000, RMB1,819,000 and RMB26,860,000, respectively, which were past due at the end of each reporting period for which the Group has not provided for impairment loss as the Group considered such balances could be recovered based on historical experience. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired based on date of delivering of goods/payment certificates/invoice dates

	As at 31 March		As at 31 July	
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2017 RMB'000
Over 180 days	<u>1,149</u>	<u>5,871</u>	<u>1,819</u>	<u>26,860</u>

Movement in the allowance for doubtful debts

	As at 31 March 2016 RMB'000
At beginning of the year	—
Impairment losses recognised on trade receivables	441
Amount written off as uncollectible	<u>(441)</u>
At end of the year	<u>—</u>

19. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	As at 31 March 2017 RMB'000	As at 31 July 2017 RMB'000
Contract costs incurred to date	31,062	65,258
Add: Recognised profits less recognised losses	<u>19,856</u>	<u>35,300</u>
	50,918	100,558
Less: Progress billings	<u>(46,652)</u>	<u>(95,349)</u>
	<u><u>4,266</u></u>	<u><u>5,209</u></u>

20. AMOUNTS DUE FROM (TO) A DIRECTOR/RELATED COMPANIES

Amount due from a director

Name of director	As at				As at 31 July 2017 RMB'000	Maximum amount outstanding during the year ended 31 March			Maximum amount outstanding during the period ended 31 July 2017 RMB'000
	1 April 2014 RMB'000	2015 RMB'000	As at 31 March 2016 RMB'000	2017 RMB'000		2015 RMB'000	2016 RMB'000	2017 RMB'000	
Mr. Lai Tse Ming	<u>56,438</u>	<u>84,070</u>	<u>59,595</u>	<u>15,980</u>	<u>2,270</u>	<u>102,777</u>	<u>84,417</u>	<u>60,112</u>	<u>41,344</u>

Note: The amount is non-trade nature, unsecured and repayable on demand. Except for the amount of RMB3,095,000 as at 31 March 2016 and the entire balances as at 31 March 2017 and 31 July 2017 which are non-interest bearing, the remaining balances carried fixed interest at rates ranging from 6.2% to 10% per annum as at 31 March 2015 and 2016, respectively. As represented by the directors of the Company, the outstanding amount as at 31 July 2017 is expected to be settled in full prior to listing of the Company's shares on the Stock Exchange.

Amounts due from related companies

Name of related companies	As at				Maximum amount outstanding during the period ended				
	1 April	As at 31 March			31 July	the year ended 31 March			31 July
	2014	2015	2016	2017	2017	2015	2016	2017	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
前海桐聯科技(深圳)有限公司 (Note a)	—	—	3,150	—	—	—	3,150	3,150	—
深圳市文武稅務師事務所有限責任公司 (Note b)	99	172	249	—	—	172	249	249	—
深圳市車家汽車發展有限公司 (Note c)	259	1,555	3,377	—	130	1,555	3,377	4,539	130
前海辦辦科技(深圳)有限公司 (Note d)	—	2,766	4,606	—	—	2,766	4,606	4,606	—
Shine Well (Note c)	—	—	—	115	115	—	—	115	115
	<u>358</u>	<u>4,493</u>	<u>11,382</u>	<u>115</u>	<u>245</u>				

Notes:

- (a) The amount due from a related company, which is controlled by Mr. Lai Tse Ming, is trade nature in relation to development of customised softwares with ageing over 180 days presented based on date of delivery of services, unsecured, non-interest bearing and repayable on demand.
- (b) The amount due from a related company, which is controlled by Mr. Lai Tse Ming, is in relation to rent of office premises with aged analysis presented based on debit notes as below:

	As at 31 March		As at 31 July	
	2015	2016	2017	2017
	RMB'000	RMB'000	RMB'000	RMB'000
0–30 days	6	6	—	—
31–90 days	12	12	—	—
91–180 days	18	18	—	—
Over 180 days	<u>136</u>	<u>213</u>	<u>—</u>	<u>—</u>
	<u>172</u>	<u>249</u>	<u>—</u>	<u>—</u>

The amounts are unsecured, non-interest bearing and repayable on demand. 深圳市文武稅務師事務所有限公司 was disposed of by Mr. Lai Tse Ming to a third party in May 2016 and was no longer a related company to the Group thereafter.

- (c) The amounts due from related companies, which are controlled by Mr. Lai Tse Ming or by a close family member of Mr. Lai Tse Ming, are non-trade nature, unsecured, non-interest bearing and repayable on demand. As represented by the directors of the Company, the outstanding amount as at 31 July 2017 is expected to be settled in full prior to listing of the Company's shares on the Stock Exchange.

- (d) The amount due from a related company, which was controlled by close family members of Mr. Lai Tse Ming, is trade nature in relation to development of customised softwares, unsecured, non-interest bearing and repayable on demand with aged analysis presented based on date of delivery of services as below:

	As at 31 March		As at 31 July	
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2017 RMB'000
0–30 days	2,766	1,840	—	—
Over 180 days	—	2,766	—	—
	<u>2,766</u>	<u>4,606</u>	<u>—</u>	<u>—</u>

前海辦辦科技(深圳)有限公司 was disposed of by close family members of Mr. Lai Tse Ming to a third party in August 2016 and was no longer a related company to the Group thereafter.

Amount due to a director

The Group	As at 31 March		As at 31 July	
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2017 RMB'000
Name of director				
Mr. Lai Tse Ming	<u>8,057</u>	<u>9,710</u>	<u>17,519</u>	<u>121</u>
			As at	As at
The Company			31 March	31 July
Name of director			2017	2017
Mr. Lai Tse Ming			<u>83</u>	<u>83</u>

The amounts are non-trade nature, unsecured, non-interest bearing and repayable on demand. As represented by the directors of the Company, the outstanding amount as at 31 July 2017 is expected to be settled in full prior to listing of the Company's shares on the Stock Exchange.

21. PLEDGED BANK DEPOSIT/BANK BALANCES AND CASH

Bank balances and cash

Bank balances and cash comprise cash on hand and bank balances. Bank balances carried interest at prevailing market interest rates which were 0.01%, 0.01%, 0.01% and 0.01% per annum as at 31 March 2015, 2016 and 2017 and 31 July 2017, respectively.

Pledged bank deposit

Pledged bank deposit represents a deposit pledged to a bank to secure banking facilities and a bank borrowing granted to the Group. The pledged bank deposit carried fixed interest rate at 4.7% and 1.3% per annum as at 31 March 2015 and 2016, respectively.

The Group's pledged bank deposit and bank balances and cash that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	As at 31 March		As at 31 July	
	2015	2016	2017	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Hong Kong dollar ("HK\$")	24	693	306	4,072

22. TRADE AND OTHER PAYABLES

The Group

	As at 31 March		As at 31 July	
	2015	2016	2017	2017
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	4,956	4,308	5,779	29,726
Other payables and other accruals	3,716	1,638	1,505	595
Other tax payable	1,961	2,807	5,662	10,942
Accrued payroll expenses	1,386	1,568	802	887
Accrued listing expenses	—	—	1,631	7,309
Total trade and other payables	<u>12,019</u>	<u>10,321</u>	<u>15,379</u>	<u>49,459</u>

The credit period on trade payables ranged from 30 days to 60 days.

The following is an aged analysis of trade payables presented based on the receipts of goods or services/payment certificates/invoice dates at end of each reporting period:

	As at 31 March		As at 31 July	
	2015	2016	2017	2017
	RMB'000	RMB'000	RMB'000	RMB'000
0–30 days	837	957	3,260	12,905
31–60 days	1,341	199	—	7,733
61–90 days	—	—	—	4,177
Over 90 days	<u>2,778</u>	<u>3,152</u>	<u>2,519</u>	<u>4,911</u>
	<u>4,956</u>	<u>4,308</u>	<u>5,779</u>	<u>29,726</u>

The Company

	As at	As at
	31 March	31 July
	2017	2017
	RMB'000	RMB'000
Other accruals	32	—
Accrued listing expenses	<u>1,631</u>	<u>7,309</u>
Total other payables	<u>1,663</u>	<u>7,309</u>

23. BANK BORROWINGS

	As at 31 March		As at 31 July	
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2017 RMB'000
Secured bank borrowings	63,260	30,500	35,600	36,000
Letters of credit endorsed from third parties	<u>26,000</u>	<u>26,000</u>	<u>—</u>	<u>—</u>
	<u>89,260</u>	<u>56,500</u>	<u>35,600</u>	<u>36,000</u>
Analysed as:				
Fixed rate	75,710	56,500	35,600	36,000
Variable rate	<u>13,550</u>	<u>—</u>	<u>—</u>	<u>—</u>
Carrying amounts of bank borrowings repayable within one year	<u>89,260</u>	<u>56,500</u>	<u>35,600</u>	<u>36,000</u>

The Group's variable-rate bank borrowing is subject to interest at RMB Benchmark Loan Rate issued by the People's Bank of China.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at 31 March		As at 31 July	
	2015	2016	2017	2017
Effective interest rate:				
Fixed-rate borrowings	7.2% to 10.0%	7.2% to 8.4%	5.7% to 8.4%	5.7% to 8.5%
Variable-rate borrowing	6.2%	N/A	N/A	N/A

During the period from August 2014 to May 2016, the Group has made certain letters of credit financing arrangements in order to obtain funding from banks for settlement of proposed purchases from third parties, which were not backed by actual underlying transaction (the "LC Financing Arrangement").

Details of the LC Financing Arrangement were as follows:

During the years ended 31 March 2015 and 2016, the Company's subsidiary, IBO, has entered into purchase agreements with third parties (the "Alleged Suppliers") and has arranged letters of credit to settle such proposed purchases.

Despite these purchase transactions were subsequently cancelled and did not eventuate, the related letters of credit have not been cancelled but were utilised by the Group and the Alleged Suppliers. The Group has ceased entering further such LC Financing Arrangement with effect from 17 March 2016 and the amounts due to the relevant banks have been rearranged as a term loan in May 2016.

As detailed in the section headed "Business — Legal proceedings and regulatory compliance" in the Prospectus (the "Relevant Section of the Prospectus"), despite the facts that LC Financing Arrangement was considered as non-compliance of local laws and regulations, given the measure taken by the Group and after seeking legal advice, the directors of the Company represented that they are of the view that such arrangement will have no material financial impact to the Group.

24. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for the financial reporting purposes:

	As at 31 March		As at 31 July	
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2017 RMB'000
Deferred tax assets	221	—	—	—
Deferred tax liabilities	<u>(2,533)</u>	<u>(2,575)</u>	<u>(4,699)</u>	<u>(4,010)</u>
	<u>(2,312)</u>	<u>(2,575)</u>	<u>(4,699)</u>	<u>(4,010)</u>

The following are the major deferred tax liabilities recognised and movements thereon during the Track Record Period:

	Revaluation of property RMB'000	Deferred income RMB'000	Undistributed earnings of PRC entities RMB'000 (Note)	Total RMB'000
At 1 April 2014	(646)	471	(815)	(990)
Charge to profit or loss (note 9)	<u>(495)</u>	<u>(250)</u>	<u>(577)</u>	<u>(1,322)</u>
At 31 March 2015	(1,141)	221	(1,392)	(2,312)
(Charge) credit to profit or loss (note 9)	<u>(560)</u>	<u>(221)</u>	<u>518</u>	<u>(263)</u>
At 31 March 2016	(1,701)	—	(874)	(2,575)
Charge to profit or loss (note 9)	<u>(221)</u>	<u>—</u>	<u>(1,903)</u>	<u>(2,124)</u>
At 31 March 2017	(1,922)	—	(2,777)	(4,699)
(Charge) credit to profit or loss (note 9)	<u>(18)</u>	<u>—</u>	<u>707</u>	<u>689</u>
At 31 July 2017	<u>(1,940)</u>	<u>—</u>	<u>(2,070)</u>	<u>(4,010)</u>

Note: Under the EIT Law of the PRC, withholding tax for 31 March 2015, 2016 and 2017 and 31 July 2017 are imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. As at 31 March 2015, 2016 and 2017 and 31 July 2017, deferred taxation has been provided for in the Historical Financial Information in respect of all temporary differences attributable to undistributed profits of the PRC subsidiaries amounting to approximately RMB27,781,000, RMB17,430,000, RMB55,496,000 and RMB41,380,000 respectively.

25. SHARE CAPITAL

For the purposes of presentation of the consolidated statements of financial position, the balances of share capital as at 1 April 2014, 31 March 2015 and 31 March 2016 represent the share capital of Abacus, attributable to the Controlling Shareholders prior to the completion of the Reorganisation.

As set out in note 1, the Reorganisation has been completed during the year ended 31 March 2017 and the balance of share capital as at 31 March 2017 and 31 July 2017 represents the share capital of the Company. Details of movements of share capital of the Company are as follow:

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 15 April 2016 (date of incorporation), 31 March 2017 and 31 July 2017	<u>39,000,000</u>	<u>390</u>
Issued:		
Issued on date of incorporation	1	—
Issued in consideration for the acquisition of the issued share capital of Abacus	<u>99,999</u>	<u>1</u>
At 31 March 2017 and 31 July 2017	<u>100,000</u>	<u>1</u>
		<i>RMB'000</i>
Shown in the statement of financial position at 31 March 2017 and 31 July 2017		<u>1</u>

Other than the share allotments above, no other share transaction was undertaken by the Company from its incorporation to 31 July 2017.

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that group companies in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in note 23, net of cash and cash equivalent, and equity attributable to owners of the Group.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new shares issues as well as the issue of new debt or redemption of existing debt.

27. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	The Group			The Company		
	As at 31 March			As at	As at	As at
	2015	2016	2017	31 July	31 March	31 July
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Loans and receivables (including cash and cash equivalents)	140,457	111,355	103,128	127,608	—	—
Financial liabilities						
Amortised cost	105,895	71,611	60,839	73,583	5,005	15,990

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount(s) due from (to) a director and related companies, pledged bank deposit, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The carrying amounts of the Group's and the Company's monetary assets and monetary liabilities that are denominated in currencies other than the functional currency at the respective reporting date are as follows:

	Assets						Liabilities					
	The Group			The Company			The Group			The Company		
	As at 31 March			As at	As at	As at	As at 31 March			As at	As at	As at
	2015	2016	2017	2017	2017	2017	2015	2016	2017	2017	2017	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
HK\$	397	1,081	1,064	5,568	—	—	(8,056)	(9,710)	(17,481)	—	(5,037)	(15,990)
USD	—	—	—	—	—	—	—	—	(38)	(121)	—	—

The Group currently does not have a foreign currency hedging policy. However, the management of the Group will monitor foreign exchange exposure closely and consider the usage of hedging instruments when the need arises.

Sensitivity analysis

The sensitivity analysis below details the Group's sensitivity to a 5% increase and decrease in HK\$ against RMB as at 31 March 2015, 2016 and 2017 and 31 July 2017. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year/period end date for a 5% change in foreign currency rates. A 5% strengthen of the HK\$ against RMB will (decrease)/increase the Group's profit for the year/period by the following amount. For 5% weakening of HK\$ against RMB, there would be an equal and opposite impact on the profit or loss.

	The Group			The Company		
	Year ended 31 March			Four months ended	Year ended	Four months ended
	2015	2016	2017	31 July	31 March	31 July
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
HK\$	(320)	(360)	(685)	232	(252)	(800)
USD	—	—	(2)	(5)	—	—

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to amount due from a director, pledged bank deposits and fixed-rate bank borrowings (see notes 20, 21 and 23 for details of amount due from a director, pledged bank deposits and bank borrowings). The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on on-going basis and will consider hedging interest rate risk should the need arises.

The Group is also exposed to cash flow interest rate risk in relation to floating-rate bank balances and bank borrowings at variable interest rates.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuations of RMB Benchmark Loan Rate of the People's Bank of China on the Group's bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank balances and bank borrowings at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of each reporting period was outstanding for the whole year/period. A 10 basis point increase or decrease in interest rate on bank balances and a 50 basis point increase or decrease in interest rate on floating rate bank borrowings are used which represent management's assessment of the reasonably possible changes in interest rates.

If interest rates had been 10 basis points higher/lower for bank balances and all other variables were held constant, the Group's post-tax profit for the year/period would increase/(decrease) by the following magnitude:

	The Group			The Company		
	Year ended 31 March			Four months ended	Year ended	Four months ended
	2015	2016	2017	31 July	31 March	31 July
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Increase/(decrease) in profit for the year/period	—	4	27	10	—	—

If interest rates had been 50 basis points higher/lower for variable rate bank borrowing and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2015 would decrease/increase by RMB58,000.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the:

- carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 30.

The Group's credit risk are primarily attributable to its trade receivables, amount due from a director and amounts due from related companies. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on pledged bank deposit and bank balances is limited because the counterparties are state-owned banks or banks with high credit ratings located in the PRC.

As at 31 March 2015, 2016 and 2017 and 31 July 2017, the Group has concentration of credit risk as 96.5%, 78.9%, 80.7% and 93.1% of the total trade receivables are due from the Group's five largest trade debtors, respectively. The management of the Group considered that the credit risk of amounts due from these customers is insignificant after considering their historical settlement record, credit quality and financial position.

In addition, the Group has concentration of credit risk on amount due from a director as at 31 March 2015, 2016 and 2017 and 31 July 2017 with details set out in note 20. In the opinion of the management of the Group, the outstanding balance as at 31 July 2017 of amount due from a director is expected to be settled in full upon listing of the Company's shares on the Stock Exchange.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's and the Company's remaining contractual maturity for their financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest risk table

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	Within 1 to 3 months RMB'000	Within 3 months to 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
The Group						
31 March 2015						
Trade and other payables	—	8,578	—	—	8,578	8,578
Amount due to a director	—	8,057	—	—	8,057	8,057
Variable-rates bank borrowing	6.15	—	—	14,071	14,071	13,550
Fixed-rates bank borrowings	8.32	—	6,136	73,300	79,436	75,710
		<u>16,635</u>	<u>6,136</u>	<u>87,371</u>	<u>110,142</u>	<u>105,895</u>
31 March 2016						
Trade and other payables	—	5,401	—	—	5,401	5,401
Amount due to a director	—	9,710	—	—	9,710	9,710
Fixed-rates bank borrowings	7.85	—	1,531	57,691	59,222	56,500
		<u>15,111</u>	<u>1,531</u>	<u>57,691</u>	<u>74,333</u>	<u>71,611</u>
Financial guarantee contracts	—	—	—	24,999	24,999	—
31 March 2017						
Trade and other payables	—	7,720	—	—	7,720	7,720
Amount due to a director	—	17,519	—	—	17,519	17,519
Fixed-rates bank borrowings	6.43	—	—	37,029	37,029	35,600
		<u>25,239</u>	<u>—</u>	<u>37,029</u>	<u>62,268</u>	<u>60,839</u>
31 July 2017						
Trade and other payables	—	37,462	—	—	37,462	37,462
Amount due to a director	—	121	—	—	121	121
Fixed-rates bank borrowings	6.48	—	—	37,457	37,457	36,000
		<u>37,583</u>	<u>—</u>	<u>37,457</u>	<u>75,040</u>	<u>73,583</u>
The Company						
31 March 2017						
Other payables	—	1,631	—	—	1,631	1,631
Amount due to a director	—	83	—	—	83	83
Amounts due to subsidiaries	—	3,291	—	—	3,291	3,291
		<u>5,005</u>	<u>—</u>	<u>—</u>	<u>5,005</u>	<u>5,005</u>
31 July 2017						
Other payables	—	7,309	—	—	7,309	7,309
Amount due to a director	—	83	—	—	83	83
Amounts due to subsidiaries	—	8,598	—	—	8,598	8,598
		<u>15,990</u>	<u>—</u>	<u>—</u>	<u>15,990</u>	<u>15,990</u>

c. Fair value measurements of financial statements

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Dividends payables	Accrued issue costs	Bank borrowings	Amount due to a director	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 April 2014	—	—	61,050	7,480	68,530
Financing cash flow (<i>Note</i>)	—	—	22,750	577	23,327
Finance cost recognised	—	—	5,460	—	5,460
At 31 March 2015	—	—	89,260	8,057	97,317
Financing cash flow (<i>Note</i>)	—	—	(37,652)	1,653	(35,999)
Finance cost recognised	—	—	4,892	—	4,892
At 31 March 2016	—	—	56,500	9,710	66,210
Financing cash flow (<i>Note</i>)	(35,681)	(1,311)	(23,670)	7,809	(52,853)
Finance cost recognised/issue costs accrued	—	1,753	2,770	—	4,523
Dividend recognised as distribution	35,681	—	—	—	35,681
At 31 March 2017	—	442	35,600	17,519	53,561
Financing cash flow (<i>Note</i>)	—	(1,169)	(389)	(17,398)	(18,956)
Finance cost recognised/issue costs accrued	—	2,555	789	—	3,344
At 31 July 2017	—	1,828	36,000	121	37,949
At 1 April 2016	—	—	56,500	9,710	66,210
Financing cash flow (unaudited) (<i>Note</i>)	(35,681)	(1,101)	3,994	4,240	(28,548)
Finance cost recognised (unaudited)	—	1,745	1,106	—	2,851
Dividend recognised as distribution (unaudited)	35,681	—	—	—	35,681
At 31 July 2016	—	644	61,600	13,950	76,194

Note: The cash flows represent (i) the proceeds from and repayment of bank borrowings and related interest paid, (ii) the proceeds from and repayment of amount due to a director, (iii) payment of dividends and (iv) payment of issue costs in the consolidated statements of cash flows.

29. OPERATING LEASES**The Group as lessee**

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follow:

	As at 31 March		As at 31 July	
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2017 RMB'000
Within one year	963	1,718	2,793	1,557
In the second year to fifth year inclusive	13	2,545	61	35
	<u>976</u>	<u>4,263</u>	<u>2,854</u>	<u>1,592</u>

Operating lease payments represent fixed rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated with fixed lease term for 1 to 2 years.

The Group as lessor

At the end of each reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	As at 31 March		As at 31 July	
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2017 RMB'000
Within one year	348	241	437	361
In the second year to fifth year inclusive	79	—	118	12
	<u>427</u>	<u>241</u>	<u>555</u>	<u>373</u>

All of the properties leased out have committed tenants for 1 to 3 years without termination options granted to tenants.

30. CONTINGENT LIABILITIES

At 31 March 2016, the Group had contingent liabilities in respect of a guarantee given to Mr. Lai Tse Ming, the Controlling Shareholder, on a one-year, unlisted convertible bond (the "Bond") in an aggregate principal amount of HK\$30,000,000 at an issue price of 100% of the principal amount of the Bond, issued to Madex International (Holdings) Limited. The guarantee was subsequently released on 6 July 2016 when the Bond was early redeemed. The directors of the Company consider that the fair value of the financial guarantee is immaterial at the inception of the guarantee.

31. RETIREMENT BENEFIT SCHEMES

The employees of the Group in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The Company's subsidiaries situated in the PRC are required to contribute a specified percentage of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the specified contributions. The Group also operates a MPF scheme for all qualified employees. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Under the rule of the MPF Scheme, the employer and its employees are each qualified to make contributions to the Scheme at rate at the lower of HK\$1,500 per month or 5% of relevant payroll costs each month.

During the Track Record Period, the total amounts contributed by the Group to the schemes and costs charged to the profit or loss represents contributions paid or payable to the schemes by the Group at rates specified in the rules of the schemes. The retirement benefits scheme contributions made by the Group amounted to RMB592,000, RMB546,000, RMB1,129,000, RMB407,000 (Unaudited) and RMB800,000 for the years ended 31 March 2015, 2016 and 2017 and four months ended 31 July 2016 and 2017, respectively.

32. RELATED PARTY DISCLOSURES

(a) Related party balances

Details of the outstanding balances with related parties are set out in the consolidated statements of financial position and in note 20.

(b) Related party transactions

During the Track Record Period, the Group entered into the following transactions with related companies, which are controlled by Mr. Lai Tse Ming, the Controlling Shareholder or by the close family member of Mr. Lai Tse Ming.

	Year ended 31 March			Four months ended 31 July	
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000 (Unaudited)	2017 RMB'000
Service income from development of customised softwares for 前海辦辦科技(深圳)有限公司	<u>2,766</u>	<u>1,840</u>	<u>—</u>	<u>—</u>	<u>—</u>
Service income from development of customised softwares for 前海桐聯科技(深圳)有限公司	<u>—</u>	<u>3,150</u>	<u>—</u>	<u>—</u>	<u>—</u>
Rental income from 深圳市文武稅務師事務所有限責任公司	<u>73</u>	<u>77</u>	<u>11</u>	<u>11</u>	<u>—</u>
Interest income from Mr. Lai	<u>5,765</u>	<u>5,167</u>	<u>1,035</u>	<u>894</u>	<u>—</u>

(c) Guarantee

As at 31 March 2015, 2016 and 2017 and 31 July 2017, the Group's bank facilities amounting to RMB89,260,000, RMB56,500,000, RMB35,600,000 and RMB26,000,000 were personally guaranteed by Mr. Lai Tse Ming, the Controlling Shareholder, his close family member and a company controlled by Mr. Lai Tse Ming, which was disposed of by Mr. Lai Tse Ming to his relative during the year ended 31 March 2016, and/or secured by assets of them (without charging any guarantee fee). As represented by the directors of the Company, the guarantee is expected to be released in full prior to listing of the Company's shares on the Stock Exchange.

(d) Compensation of key management personnel

The remuneration of key management personnel which represents the directors of the Company and key executives of the Group during the Track Record Period was as follows:

	Year ended 31 March			Four months ended 31 July	
	2015 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000 (Unaudited)	2017 RMB'000
Salaries and other allowances	1,959	2,004	2,298	884	867
Retirement benefit scheme contributions	97	94	81	51	68
	<u>2,056</u>	<u>2,098</u>	<u>2,379</u>	<u>935</u>	<u>935</u>

The remuneration of directors and key executives is determined having regard to the performance of individuals and market trends.

33. FINANCIAL INFORMATION OF THE COMPANY**(a) Investment in a subsidiary**

	As at 31 March 2017 RMB'000	As at 31 July 2017 RMB'000
Unlisted shares, at cost	<u>48,084</u>	<u>48,084</u>

Investment in a subsidiary represents the investment cost in IBO Holdings.

(b) Amounts due to subsidiaries

	As at 31 March 2017 RMB'000	As at 31 July 2017 RMB'000
Amounts due to subsidiaries	<u>3,291</u>	<u>8,598</u>

The amounts are unsecured, non-interest bearing and repayable on demand.

(c) The following are the movements of the Company's reserves from 15 April 2016 (date of incorporation) to 31 July 2017.

	Share premium RMB'000	Accumulated loss RMB'000	Total RMB'000
At 15 April 2016	—	—	—
Effect of Reorganisation	48,083	—	48,083
Loss and total comprehensive expense for the period	<u>—</u>	<u>(3,284)</u>	<u>(3,284)</u>
At 31 March 2017	48,083	(3,284)	44,799
Loss and total comprehensive expense for the period	<u>—</u>	<u>(8,398)</u>	<u>(8,398)</u>
At 31 July 2017	<u>48,083</u>	<u>(11,682)</u>	<u>36,401</u>

34. PARTICULARS OF SUBSIDIARIES

Name of subsidiaries	Date and place of incorporation/ establishment	Issued and fully paid share capital/registered capital	Equity interest attributable to the Group as at				Date of this report	Principal activities
			31 March 2015	2016	2017	31 July 2017		
IBO Holdings*	13 May 2016 British Virgin Islands ("BVI")	United States dollar ("US\$")1	N/A	N/A	100%	100%	100%	Investment holding
Abacus	17 April 2000 Hong Kong	HK\$6,000,000	100%	100%	100%	100%	100%	Sales of intelligent terminal products, provision of system maintenance services and development of customised softwares
IBO	13 December 2000 The PRC**	HK\$28,000,000	100%	100%	100%	100%	100%	Sales of intelligent terminal products, provision of coordination, management and installation services of smart city, provision of system maintenance services and development of customised softwares
Cyber Sharp	30 June 2016 Hong Kong	HK\$1	N/A	N/A	100%	100%	100%	Investment holding
Guotong	4 August 2015 The PRC***	RMB1,000,000##	N/A	51%	51%	51%	51%	Inactive
Shenzhen Bohai	12 April 2016 The PRC***	RMB20,000,000 ^Δ	N/A	N/A	35% (Note)	35% (Note)	35% (Note)	Inactive
IBO Digital	1 November 2016 The PRC***	RMB20,000,000 ^Δ	N/A	N/A	100%	100%	100%	Collection, process and storage of data, text and graphics

* Directly held by the Company.

** IBO is a wholly foreign owned enterprise established in the PRC.

*** These companies are limited liability companies established in the PRC.

The registered capital of Guotong is RMB10 million but only RMB1 million was paid by the Group up to the date of the report.

^Δ The registered capital of IBO Digital and Shenzhen Bohai are RMB20 million respectively but nil were paid at the date of the report.

Note: Shenzhen Bohai is a subsidiary of the Group although the Group has 35% ownership interest and voting rights in Shenzhen Bohai. The directors of the Company assessed whether or not the Group has control over Shenzhen Bohai based on whether the Group has the practical ability to direct the relevant activities of Shenzhen Bohai unilaterally. Pursuant to an agreement signed between the Group and two shareholders of Shenzhen Bohai, the two shareholders of Shenzhen Bohai, who own 50% of shareholdings in Shenzhen Bohai on aggregate, agreed to follow the Group's decisions on matters associated the relevant activities of Shenzhen Bohai. After assessment, the directors of the Company concluded that the Group has sufficiently dominant voting interest to direct the relevant activities of Shenzhen Bohai and therefore the Group has control over Shenzhen Bohai.

Each of the Company and its subsidiaries has adopted 31 March as their financial year end date, except for those subsidiaries established in the PRC which have adopted 31 December as their financial year end date.

No audited statutory financial statements have been prepared for the Company and IBO Holdings incorporated in Cayman Islands and BVI, respectively, since their respective dates of incorporation as there are no statutory audit requirements in the Cayman Islands and BVI.

The statutory financial statements of Abacus for each of the three years ended 31 March 2015, 2016 and 2017 were prepared in accordance with the Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard issued by the HKICPA, respectively, and were audited by Raymond Y. K. Tse & Co. CPA Limited.

The statutory financial statements of IBO for each of the three years ended 31 December 2014, 2015 and 2016, the statutory financial statements of Guotong for the period from 4 August 2015 (date of establishment) to 31 December 2015 and year ended 31 December 2016, the statutory financial statements of Shenzhen Bohai for the period from 12 April 2016 (date of establishment) to 31 December 2016 and the statutory financial statements of IBO Digital for the period from 1 November 2016 (date of establishment) to 31 December 2016 were prepared in accordance with relevant accounting principles and financial regulations applicable in the PRC and were audited by 深圳民生會計師事務所(普通合夥), certified public accountants registered in the PRC. No statutory financial statements have been prepared for Shenzhen Bohai and IBO Digital for each of the two years ended 31 December 2014 and 2015 as they were established during the year ended 31 December 2016.

35. EVENT AFTER REPORTING PERIOD

- (a) Pursuant to written resolutions of the Company's shareholders passed on 6 December 2017, conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the Global Offering set out in the section headed "Share Capital" in the Prospectus, the directors of the Company had authorised to allot and issue a total of 299,900,000 shares, by way of capitalisation of the sum of approximately HK\$2,999,000 (equivalent to RMB2,584,000) standing to the credit of the share premium account of the Company, credited as fully paid at par to the shareholders as appearing on the register of members of the Company.
- (b) The Company has conditionally approved and adopted the share option scheme ("Share Option Scheme") on 6 December 2017. A summary of its principal terms are set out in "D. Share Option Scheme" in Appendix V to the Prospectus. As at the reporting date, no option had been granted under the Share Option Scheme.

36. DIRECTORS' REMUNERATION

Saved as disclosed in this report, no remuneration was paid or payable by the Group to the directors of the Company in respect of the Track Record Period.

Under the arrangement currently in force, the aggregate amount of the directors' fee and other emoluments for the year ending 31 March 2018 is estimated to be approximately RMB2,184,000.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 July 2017.

APPENDIX II	UNAUDITED PRO FORMA FINANCIAL INFORMATION
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The information set forth in this appendix does not form part of the accountants' report on the financial information of the Group for the three years ended 31 March 2017 and the four months ended 31 July 2017 prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this Prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this Prospectus and the Accountants' Report set forth in Appendix I to this Prospectus respectively.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Global Offering on the audited consolidated net tangible assets of the Group attributable to owners of the Company as if the Global Offering had taken place on 31 July 2017.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group had the Global Offering been completed on 31 July 2017 or any future date.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2017 derived from the Accountants' Report set out in Appendix I to this Prospectus, and adjusted as follows:

Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2017 <i>RMB'000</i> <i>(Note 1)</i>	Estimated net proceeds from Global Offering <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2017 <i>RMB'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2017 per share <i>RMB</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2017 per share <i>HK\$</i> <i>(Note 4)</i>	
Base on the Offer Price of HK\$1.5 per share	69,407	112,334	181,741	0.45	0.53
Base on the Offer Price of HK\$1.8 per share	69,407	137,277	206,684	0.52	0.60

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2017 are based on audited consolidated net assets of the Group attributable to the owners of the Company as at 31 July 2017 of approximately RMB69,407,000 as set out in Appendix I to the Prospectus.
- (2) Estimated net proceeds from the Global Offering are based on 100,000,000 Shares to be issued under the Global Offering and the Offer Price of HK\$1.5 and HK\$1.8 per Offer Share, being the lower end and higher end of the indicated Offer Price range, after deducting underwriting commissions and other estimated expenses payable by the Group in connection with the Global Offering (excluding listing expenses of approximately RMB15,382,000 which have been charged to profit or loss prior to 31 July 2017) and assuming (i) the Over-allotment Option is not exercised and (ii) no Shares are issued upon the exercise of options that may be granted under the Share Option Scheme or allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix V to the Prospectus. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into RMB at an exchange rate of HK\$1 to RMB0.8616, which was the rate prevailing on 31 July 2017. No representation is made that the Hong Kong dollars amounts have been, could have been or could be converted into Renminbi, or vice versa, at that rate or at any other rates or at all.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is calculated based on 400,000,000 Shares expected to be in issue assuming that the Capitalisation Issue and the Global Offering had been completed on 31 July 2017, but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option, or any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme or allotted and issued or repurchased by the Company pursuant to the general mandate for the allotment and issue or repurchase of Shares referred to in Appendix V to the Prospectus.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is converted from RMB into Hong Kong dollars at an exchange rate of RMB0.8616 to HK\$1, which was the rate prevailing on 31 July 2017. No representation is made that the Renminbi amounts have been, could have been or could be converted into Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.
- (5) No adjustment has been made to the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 July 2017 to reflect any trading result or other transaction of the Group entered into subsequent to 31 July 2017.

**(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report, prepared for inclusion in this Prospectus, received from the independent reporting accountants of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, in relation to the Group's unaudited pro forma financial information.

Deloitte.

德勤

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of IBO Technology Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of IBO Technology Company Limited (the “**Company**”, formerly known as China Security Control Company Limited) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 July 2017 and related notes as set out on pages II-1 to II-2 of Appendix II to the Prospectus issued by the Company dated 14 December 2017 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the listing of the Company's Shares (the “**Global Offering**”) on the Group's financial position as at 31 July 2017 as if the Global Offering had taken place at 31 July 2017. As part of this process, information about the Group's historical financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 31 March 2017 and the four months ended 31 July 2017, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on 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 (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements 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 behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” 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 Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(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 accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 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 an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group 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 event or transaction at 31 July 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the 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 accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
14 December 2017

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 September 2017 of the property interest held by IBO Technology Company Limited.



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

14 December 2017

The Board of Directors
IBO Technology Company Limited

Dear Sirs,

In accordance with your instructions to value the property interest held by IBO Technology Company Limited (the “Company”, formerly known as China Security Control Company Limited) and its subsidiaries (hereinafter together referred to as the “Group”) in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 30 September 2017 (the “valuation date”).

For the purpose of this report, we classified the property as the property interest relating to “property activities” which mean holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments.

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

We have valued the property interest by direct comparison approach assuming sale of the property interest in its existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoing of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Global — Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including Real Estate Title Certificates and official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interest or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — Haiwen & Partners, concerning the validity of the property interest in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in October 2017 by Mr. Jimmy Gu and Ms. Nina Huang. Mr. Jimmy Gu has 5 years' experience in the valuation of properties in the PRC and Ms. Nina Huang has 1 year's experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Our valuation certificate is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Gilbert C.H. Chan
MRICS MHKIS RPS (GP)
Director

Note: Gilbert C.H. Chan is a Chartered Surveyor who has 24 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region

VALUATION CERTIFICATE

Property interest held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017 RMB																				
8 apartment office units of Yonghui Building of Guoqi Mansion No. 1002 of Shangbu South Road Futian District Shenzhen City Guangdong Province The PRC (深圳國企大廈永輝樓)	<p>The property comprises 8 apartment office units on the 8th floor in a 30-storey office building completed in 1995.</p> <p>The property is located at Shangbu South Road in Futian District. The subject area of the property is well-served by public transportation with 20 minutes' driving distance to Shenzhen Citizen Centre and one hour's driving distance to Shenzhen International Airport. The locality of the property is a developed residential area served by good public facilities. The property is within reasonable proximity to the metro station of Line 1.</p> <p>The property has a total gross floor area of approximately 732.76 sq.m. The details are set out as follows:</p>	As at the valuation date, portions of the property were rented to various third parties for office purpose whilst the remaining portions of the property were vacant.	19,270,000 100% interest attributable to the Group: RMB19,270,000																				
	<table border="1"> <thead> <tr> <th style="text-align: left;">Unit No.</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr><td>8A</td><td style="text-align: right;">83.55</td></tr> <tr><td>8B</td><td style="text-align: right;">99.64</td></tr> <tr><td>8C</td><td style="text-align: right;">99.64</td></tr> <tr><td>8D</td><td style="text-align: right;">83.55</td></tr> <tr><td>8E</td><td style="text-align: right;">83.55</td></tr> <tr><td>8F</td><td style="text-align: right;">99.64</td></tr> <tr><td>8G</td><td style="text-align: right;">99.64</td></tr> <tr><td>8H</td><td style="text-align: right;">83.55</td></tr> <tr><td>Total:</td><td style="text-align: right;"><u>732.76</u></td></tr> </tbody> </table>	Unit No.	Gross Floor Area (sq.m.)	8A	83.55	8B	99.64	8C	99.64	8D	83.55	8E	83.55	8F	99.64	8G	99.64	8H	83.55	Total:	<u>732.76</u>		
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8G	99.64																						
8H	83.55																						
Total:	<u>732.76</u>																						
	The land use rights of the property have been granted for a term of 50 years expiring on 7 November 2042 for commercial, residential and apartment office uses.																						

Notes:

1. Pursuant to 8 Shenzhen Second-hand Housing Purchase and Sales Contracts, 8 apartment office units of Yonghui Building of Guoqi Mansion with a total gross floor area of approximately 732.76 sq.m. were purchased by IBO Information (Shenzhen) Limited (艾伯資訊(深圳)有限公司, “IBO Shenzhen”, a wholly-owned subsidiary of the Company) at a total cost of RMB6,201,348.
2. Pursuant to 8 Real Estate Title Certificates (the “RETCs”), the property with a total gross floor area of approximately 732.76 sq.m. are owned by IBO Shenzhen. The relevant land use rights of the property have been granted to IBO Shenzhen for a term of 50 years expiring on 7 November 2042 for commercial, residential and apartment office uses. The details are set out as follows:

No.	RETC No.	Unit No.	Gross Floor Area (sq.m.)	Usage
(1)	Shen Fang Di Zi Di No. 3000697873	8A	83.55	Apartment office
(2)	Shen Fang Di Zi Di No. 3000697863	8B	99.64	Apartment office
(3)	Shen Fang Di Zi Di No. 3000697865	8C	99.64	Apartment office
(4)	Shen Fang Di Zi Di No. 3000697866	8D	83.55	Apartment office
(5)	Shen Fang Di Zi Di No. 3000697867	8E	83.55	Apartment office
(6)	Shen Fang Di Zi Di No. 3000697870	8F	99.64	Apartment office
(7)	Shen Fang Di Zi Di No. 3000697871	8G	99.64	Apartment office
(8)	Shen Fang Di Zi Di No. 3000697872	8H	83.55	Apartment office
Total:			732.76	

3. As at the valuation date, the property with a total lettable area of approximately 649.21 sq.m. were leased to various tenants with expiry dates between 23 November 2017 and 31 August 2018. The total monthly rental as at the valuation date were approximately RMB44,100 exclusive of management fees, water and electricity charges.
4. Pursuant to a Mortgage Contract of Maximum Amount — Bao Yin (2015) Nian (Ye Wu Er Bu) Gao Di Zi Di No. 20151009001, the property is subject to a mortgage in favour of Baosheng County Bank.
5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. The Group has the rights to occupy and use the property;
 - b. During the duration of the mortgage unless being approved by mortgagor’s written agreement, the mortgaged property cannot be given, transferred, leased, remortgaged, removed or otherwise disposed by the Group; and
 - c. The tenancy agreements in relation to the leases of the property were legally binding and valid and the tenants have the rights to use the property during the lease terms.
6. We have made reference to various recent sales prices of apartment office premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of apartment office premises ranges from RMB27,300 to RMB28,000 per sq.m. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect to the difference in building age, location, size and condition and other characters. In valuing the property, we have adopted the assumed unit rate from RMB25,500 to RMB27,200 per sq.m.

RECONCILIATION STATEMENT

The self-owned property of the Group in the PRC has been valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the Independent Valuer. The full text of the property valuation report in connection with the valuation of the aforesaid property as at 30 September 2017 is set out in Appendix IIIA to this prospectus.

The statement below shows the reconciliation of the above property from 31 July 2017, being the date to which the Company's latest audited combined/consolidated financial results were prepared, to 30 September 2017.

	<i>RMB'000</i>
Net book value of the investment properties as at 31 July 2017	<u>19,270</u>
Add: Additions during the period from 1 August 2017 to 30 September 2017	—
Less: Disposal during the period from 1 August 2017 to 30 September 2017	<u>—</u>
Net book value of the investment properties as at 30 September 2017	19,270
Net valuation surplus	<u>—</u>
Market value of the investment properties as at 30 September 2017 as set out in the property valuation report in Appendix IIIA to this prospectus	<u><u>19,270</u></u>

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 company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 April, 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Company’s constitutional documents consist of its memorandum of association (the “Memorandum”) and its articles of association (the “Articles”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that 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) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 6 December 2017 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(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 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 the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class and at any adjourned meeting

two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

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 ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made 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 ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is

due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to 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 the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re election or appointment but as between persons who became or were last re elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may 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 delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with

regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are 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 is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, 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 Companies Law to be exercised or done by the Company in general meeting.

(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 assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, 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 ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided among the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in

proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making 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 ex Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of 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 therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or 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, profits or other benefits received by him as a director, officer or member of, or from his interest in, 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 thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by 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 contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(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, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons 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 person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is 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 and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(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, but the absence of a quorum shall not preclude the appointment of a chairman.

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 is 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 is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic

form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) 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.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or 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.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution among the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* 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 shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by 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 a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the Company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the Company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the

directors of the Company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the Company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the Company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the Company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the Company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the Company, the directors of the Company resolve to hold such shares in the name of the Company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the Company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the Company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the Company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the Company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the Company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the Company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the Company to challenge (a) an act which is ultra vires the Company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the Company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the Company in issue, appoint an inspector to examine into the affairs of the Company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the Company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the Company's affairs in the future, (b) an order requiring the Company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the Company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the Company by other shareholders or by the Company itself and, in the case of a purchase by the Company itself, a reduction of the Company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the Company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his

duties must do so honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the Company; and (iii) the assets and liabilities of the Company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 17 May 2016.

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 executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law 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.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The Company shall cause to be kept at the place where the Company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Register of Beneficial Ownership

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The register of beneficial ownership is not a public document and is only accessible by a designated competent authority of the Cayman Islands.

Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the Company is listed on the Stock Exchange, it is not required to maintain a register of beneficial ownership.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the Company have passed a special resolution requiring the Company to be wound up by the Court, or where the Company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the Company as contributories on the ground that it is just and equitable that the Company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the Company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the Company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the Company by other members or by the Company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the Company so resolves by special resolution or when the Company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must 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.

As soon as the affairs of the 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 how the property of the Company has been disposed of, and thereupon call a general meeting of the Company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the Company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation and registration of our Company under Part 16 of the Companies Ordinance**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 15 April 2016. Our Company has established a principal place of business in Hong Kong at Room 1623, Argyle Centre Phase I, 688 Nathan Road, Mongkok, Kowloon, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 22 August 2017. Mr. Yu Kin Keung of Room 1623, Argyle Centre Phase I, 688 Nathan Road, Mongkok, Kowloon, Hong Kong have 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, we operate subject to the relevant laws of the Cayman Islands and our constitution which comprises the Memorandum and the Articles. A summary of our Company's constitution and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital

Our Company was incorporated on 15 April 2016. As at the date of incorporation, the authorised share capital of our Company was HK\$390,000 divided into 39,000,000 Shares with a nominal value of HK\$0.01 each. On the same day, one subscriber's Share was transferred to Mr. Lai.

Pursuant to the written resolutions of the Shareholders passed on 6 December 2017, the authorised share capital of our Company was increased from HK\$390,000 to HK\$10,000,000 by the creation of an additional 961,000,000 Shares.

Assuming that the Global Offering and the Capitalisation Issue become unconditional and the issue of Shares pursuant thereto is made (but taking no account of any Shares which may be issued upon exercise of the Over-allotment Options or options which may be granted under the Share Option Scheme), the issued share capital of our Company immediately following completion of the Global Offering and the Capitalisation Issue will be HK\$4,000,000 divided into 400,000,000 Shares, fully paid or credited as fully paid, with 600,000,000 Shares remaining unissued.

Other than pursuant to the exercise of the Over-allotment options or any options which may be granted under the Share Option Scheme below, our Company does not have any present intention to issue any part of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save for the changes in share capital as disclosed above and the sections headed "History, Reorganisation and Corporate Structure — Capitalisation Issue" and "Share Capital — Share Capital" as well as the paragraphs headed "Further information about our Company — 3. Written resolutions of our Shareholders passed on 6 December 2017" and "Further information about our Company — 4. Corporate reorganisation" in this appendix, there has been no alteration in the share capital of our Company since the date of its incorporation.

3. Written resolutions of our Shareholders passed on 6 December 2017

On 6 December 2017, written resolutions of our Shareholders were passed, pursuant to which, among other things:

- (a) the increase of the authorised share capital of our Company from HK\$390,000 divided into 39,000,000 Shares of HK\$0.01 each to HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each by the creation of an additional 961,000,000 Shares which shall rank pari passu in all respects with the then existing issued Shares was approved;
- (b) conditional on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise an amount of HK\$2,999,000 from the amount standing to the credit of the share premium account of our Company and that the said sum be applied in paying up in full 299,900,000 Shares, such Shares to be allotted and issued, credited as fully paid to our Shareholders appearing on the register of members of our Company at the close of business on the date falling on the immediate Business Day prior to the Listing Date (or such holders may direct) in proportion (as nearly as possible without fractions) to their then respective shareholdings in our Company and so that such Shares to be allotted and issued shall rank pari passu in all respects with the then existing issued Shares;
- (c) conditional on (i) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares which may be issued pursuant to the Capitalisation Issue or pursuant to the exercise of the Over-allotment options or any options which may be granted under the Share Option Scheme); and (ii) 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 Global Offering was approved and that our Directors were authorised to allot and issue the Global Offering Shares pursuant to the Global Offering on and subject to the terms and conditions stated in this prospectus;
 - (ii) the rules of the Share Option Scheme (the principal terms of which are set out in “— D. Share Option Scheme” in this Appendix) were approved and adopted and our Directors or any such committee thereof be and were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected by the Stock Exchange, and our Directors were authorised, at their absolute discretion, to grant options to subscribe for Shares under the Share Option Scheme and to allot, issue and deal with Shares pursuant to the exercise of subscription rights under any options which may be granted under the Share Option Scheme and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme;
- (d) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or under any option scheme or similar arrangement for the time being adopted for the

grant or issue to officers and/or employees of our Company and/or any of our subsidiaries or any other person of Shares or rights to acquire Shares or 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 any issue of Shares upon exercise of rights of subscription or conversion attaching to any securities of our Company (if any) which are convertible into Shares or the Global Offering or a specific authority granted by our Shareholders in general meeting, Shares of not exceeding 20% of the total number of issued Shares immediately following completion of the Global Offering and the Capitalisation Issue (excluding any Shares which may be issued upon exercise of the Over-allotment options or any options that may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

- (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 the Articles or the Companies Law or any applicable laws of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing such mandate given to our Directors;
- (e) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares not exceeding 10% of the total number of issued Shares immediately following completion of the Global Offering and the Capitalisation Issue (excluding any Shares which may be issued upon exercise of the Over-allotment options or any options that may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:
- (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 the Articles or the Companies Law or any applicable laws of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking, varying or renewing such mandate given to our Directors;
- (f) the general unconditional mandate granted to our Directors as mentioned in paragraph (d) above was extended by the addition to the total number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted, issued or dealt with by our Directors pursuant to such general mandate of an amount representing the total number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above provided that such extended amount shall not exceed 10% of the total number of issued Shares immediately following the completion of the Global Offering and

the Capitalisation Issue (excluding any Shares which may be issued upon exercise of the Over-allotment options or any options that may be granted under the Share Option Scheme); and

- (g) our Company approved and adopted the Memorandum with immediate effect and the Articles with effect from the Listing Date.

4. Corporate reorganisation

The members of our Group underwent the Reorganisation to rationalise the business and the structure of our Group in anticipation of the Global Offering. See “History, Reorganisation and Corporate Structure” for details on the steps involved in the Reorganisation.

5. Changes in share capital of subsidiaries of our Company

The subsidiaries of our Company are referred to in the Accountant’s Report. Save as disclosed under the section headed “History, Reorganisation and Corporate Structure” in this prospectus, there has been no other change to the share capital of the subsidiaries of our Company within two years preceding the date of this prospectus.

6. Repurchase by our Company of its own securities

This section includes information relating to the repurchase of securities, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Provisions of the Listing Rules

The Listing Rules permit our Shareholders to grant our Directors a general mandate to repurchase the Shares that are listed on the Stock Exchange subject to certain restrictions, the most important restrictions are below summarised:

(i) Shareholder’s Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

On 6 December 2017, our Directors were granted a general unconditional mandate to exercise all powers of our Company repurchase (“**Repurchase Mandate**”) up to 10% of the total number of issued Shares immediately following completion of the Global Offering and the Capitalisation Issue (excluding any Shares which may be issued upon exercise of the Over-allotment options or any options that may be granted under the Share Option Scheme) on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose. This mandate will remain in effect until whichever is the earliest of (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 the Articles or any applicable law to be held, or (iii) such mandate being revoked, varied or renewed by the passing of an ordinary resolution by our Shareholders in a general meeting.

(ii) Source of Funds

The repurchase of the Shares by our Company must be paid out of funds legally available for such purpose in accordance with the Memorandum and Articles of Association, Listing Rules and the applicable laws of the Cayman Islands and any other laws and regulations applicable to our Company. Our Company may not repurchase Shares on the Stock Exchange for a consideration other than cash or for the settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Shares to be repurchased

The Listing Rules provide that the Shares which are proposed to be repurchased by our Company must be fully paid up.

(b) Reasons for repurchases

Repurchase will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or earnings per Share.

(c) Funding of repurchase

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands and any other laws and regulations applicable to our Company.

On the basis of our company's current financial position as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase mandate is exercised in full, there might be a material adverse impact on the working capital and/or gearing position of our company as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or on its gearing positions which in the opinion of our directors are from time to time appropriate for our Company.

(d) General

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum, the Articles of Association and any other applicable laws of the Cayman Islands.

If, as a result of any repurchase of the Shares, a Shareholder's proportionate interest in our Company's voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code) could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as disclosed in this paragraph, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the Repurchase Mandate.

None of our Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates, has any present intention to sell any Shares to our Company.

No core connected person of our Company has notified our Company that he has a present intention to sell his Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

No repurchase of Shares has been made since the incorporation of our Company.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business of our Group) have been entered into by members of our Group within the two years preceding the date of this prospectus which are or may be material:

- (a) the EN Subscription Agreement;
- (b) the deed of reorganisation dated 29 June 2016 entered into among Mr. Lai, Shine Well, IBO Holdings and our Company, pursuant to which Shine Well agreed to sell, and IBO Holdings agreed to purchase, an aggregate of 6,000,000 shares of Abacus International (representing the entire issued share capital of Abacus International) in consideration of our Company's issue and allotment of 99,999 Shares to Shine Well;
- (c) the bought and sold notes dated 29 June 2016 entered into between IBO Holdings and Shine Well, whereby IBO Holdings bought 6,000,000 shares of Abacus International from Shine Well in consideration of our Company's issue and allotment of 99,999 Shares to Shine Well;
- (d) the EN Supplemental Subscription Agreement;
- (e) the voting rights agreement dated 18 October 2016 entered into among IBO Shenzhen, Mr. Jia Yongzhong and Mr. Wang Baoliang, pursuant to which the parties agreed that (i) IBO Shenzhen is the actual controller of Shenzhen Bohai; (ii) Mr. Jia Yongzhong and Mr. Wang Baoliang are acting in concert with IBO Shenzhen, and will follow IBO Shenzhen's vote in shareholders' meetings; and (iii) Mr. Jia Yongzhong and Mr. Wang Baoliang shall not transfer or encumber their respective shareholdings in Shenzhen Bohai to third parties without IBO Shenzhen's consent for the period from 18 October 2016 to 12 April 2046;

- (f) the second supplemental agreement to the EN Subscription Agreement dated 28 December 2016 entered into among Mr. Lai, Ping An Securities, Shine Well, Abacus International and IBO Shenzhen, pursuant to which, among others, (i) the maturity date of the New Exchangeable Notes was extended to 11 January 2018 or any other time as Ping An Securities and Shine Well may agree to extend; and (ii) the parties confirmed that Shine Well has paid HK\$4,500,000 to Ping An Securities on 23 December 2016 for the settlement of all the interest payable under the Original Exchangeable Notes and the interest payable up to 11 January 2017 under the New Exchangeable Notes;
- (g) the third supplemental agreement to the EN Subscription Agreement dated 8 May 2017 entered into among Mr. Lai, Ping An Securities, Shine Well, Abacus International and IBO Shenzhen, pursuant to which, among others, the parties confirmed that the Shares to be exchanged pursuant to the New Exchangeable Notes shall represent 9% of the entire issued share capital of our Company as at the date of exercise, which is 6.75% of the entire issued share capital of our Company immediately after the Listing (excluding any Shares which may be issued upon exercise of the Over-allotment Options);
- (h) the Deed of Non-competition;
- (i) the Deed of Indemnity; and
- (j) the Hong Kong Underwriting Agreement.

2. Our intellectual property rights

(a) Patents




As at the Latest Practicable Date, our Group had been granted the following patents:



No.	Patent	Patentee	Jurisdiction	Patent no.	Patent type	Application date	Expiry date
1.	A method to identify questionable vehicles (一種識別有問題車輛的方法)	IBO Shenzhen	PRC	ZL200510101091.9	Invention	9 November 2005	8 November 2025
2.	A method to prevent deception of electronic license plate recognition system (一種防止欺騙電子車牌識別系統的方法)	IBO Shenzhen	PRC	ZL200610061970.8	Invention	4 August 2006	3 August 2026
3.	A device to identify suspected stolen vehicle (一種識別被盜嫌疑車輛的裝置)	IBO Shenzhen	PRC	ZL200820147097.9	Utility model	1 September 2008	31 August 2018
4.	A multi-functional non-stop electronic toll onboard unit (一種多功能不停車電子收費車載單元)	IBO Shenzhen	PRC	ZL201020609340.1	Utility model	12 November 2010	11 November 2020
5.	Radio frequency identification device (射頻身份識別裝置)	IBO Shenzhen	PRC	ZL201130321137.4	Design	14 September 2011	13 September 2021
6.	A road parking electronic toll equipment (一種道路停車電子收費設備)	IBO Shenzhen	PRC	ZL201120211061.4	Utility model	21 June 2011	20 June 2021
7.	Radio frequency identification device which its power can be replaceable by user (用戶可更換電源的射頻識別裝置)	IBO Shenzhen	PRC	ZL201120344082.3	Utility model	14 September 2011	13 September 2021
8.	Radio frequency identification tag and its matching reader device and the radio frequency identification system consisting of them (RFID標籤與之匹配的讀寫裝置及兩者組成的射頻識別系統)	IBO Shenzhen	PRC	ZL201120344023.6	Utility model	14 September 2011	13 September 2021
9.	Vehicle security monitoring location detection terminal (車輛防盜監控定位檢測終端)	IBO Shenzhen	PRC	ZL201330212855.7	Design	28 May 2013	27 May 2023

No.	Patent	Patentee	Jurisdiction	Patent no.	Patent type	Application date	Expiry date
10.	Vehicle security monitoring location detection electronic tag (車輛防盜監控定位檢測電子標籤)	IBO Shenzhen	PRC	ZL201330213016.7	Design	28 May 2013	27 May 2023
11.	An automatic diagnostic system for vehicle (一種車載自動診斷系統)	IBO Shenzhen	PRC	ZL201520092863.6	Utility model	10 February 2015	9 February 2025
12.	A three-dimensional parking spaces detection system (一種立體停車場車位檢測系統)	IBO Shenzhen	PRC	ZL201320296039.3	Utility model	28 May 2013	27 May 2023
13.	An intelligent explosion locator for depot (一種油庫智能防爆定位器)	IBO Shenzhen	PRC	ZL201320295757.9	Utility model	28 May 2013	27 May 2023
14.	Vehicle intelligent detection equipment (汽車智能檢測設備)	IBO Shenzhen	PRC	ZL201530439176.2	Design	6 November 2015	5 November 2025
15.	Labels for cylinders (氣瓶標籤)	IBO Shenzhen	PRC	ZL201630229405.2	Design	8 June 2016	7 June 2026
16.	Electronic labels for cylinders (氣瓶用電子標籤)	IBO Shenzhen	PRC	ZL201620507762.5	Utility model	27 May 2016	26 May 2026
17.	Identification device for gas stations (加油站身份識別裝置)	IBO Shenzhen	PRC	ZL201720454263.9	Utility model	25 April 2017	24 April 2027

(b) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks:

No.	Trademark	Place of registration	Trademark no.	Registrant	Class	Date of registration	Expiry date
1.	车行无忧	PRC	11247668	IBO Shenzhen	42	7 January 2014	6 January 2024
2.	行车无忧	PRC	11247686	IBO Shenzhen	42	21 December 2013	20 December 2023
3.	ISOMAX	PRC	9240074	IBO Shenzhen	9	28 March 2012	27 March 2022
4.		PRC	9341990	IBO Shenzhen	9	28 April 2012	27 April 2022
5.		PRC	14676573	IBO Shenzhen	9	21 June 2015	20 June 2025
6.		PRC	6732637	IBO Shenzhen	12	14 June 2010	13 June 2020
7.	艾伯	PRC	18374277	IBO Shenzhen	9	7 March 2017	6 March 2027
8.	艾伯	HK	303798505	IBO Shenzhen	9	7 June 2016	6 June 2026

No.	Trademark	Place of registration	Trademark no.	Registrant	Class	Date of registration	Expiry date
9.	艾伯	HK	303798514	IBO Shenzhen	38	7 June 2016	6 June 2026
10.	艾伯	HK	303798523	IBO Shenzhen	42	7 June 2016	6 June 2026
11.	ibotech	HK	303798578	IBO Shenzhen	9	7 June 2016	6 June 2026
12.	ibotech	HK	303798587	IBO Shenzhen	38	7 June 2016	6 June 2026
13.	ibotech	HK	303798596	IBO Shenzhen	42	7 June 2016	6 June 2026
14.		HK	303964429	IBO Shenzhen	9	16 November 2016	15 November 2026
15.		HK	303964438	IBO Shenzhen	38	16 November 2016	15 November 2026
16.		HK	303964447	IBO Shenzhen	42	16 November 2016	15 November 2026

(c) *Computer software copyrights*

As at the Latest Practicable Date, our Group had registered the following computer software copyrights:

No.	Name of computer software	Place of registration	Registrant	Registration no.	Date of registration
1.	IBO call centre platform software (Abbreviation: Abaccs) V.1.0 (艾伯呼叫中心平臺軟件(簡稱: Abaccs) V1.0)	PRC	IBO Shenzhen	2003SR2467	11 April 2003
2.	AID vehicle inspection management system (Abbreviation: AID System Software) V2.0 (AID車輛稽查管理系統(簡稱: AID系統軟件) V2.0)	PRC	IBO Shenzhen	2008SR00805	14 January 2008
3.	IBO active radio-frequency identification software V2.0 (艾伯有源電子標籤軟件V2.0)	PRC	IBO Shenzhen	2010SR058978	5 November 2010
4.	IBO active electronic tag card dispenser software V2.0 (艾伯有源電子標籤發卡器軟件 V2.0)	PRC	IBO Shenzhen	2010SR058980	5 November 2010
5.	IBO active electronic tag reader software V2.0 (艾伯有源電子標籤閱讀器軟件 V2.0)	PRC	IBO Shenzhen	2010SR058981	5 November 2010

No.	Name of computer software	Place of registration	Registrant	Registration no.	Date of registration
6.	IBO motorcycle security product embedded software V2.11 (IBO 汽車安防產品嵌入式軟件 V2.11)	PRC	IBO Shenzhen	2012SR068855	30 July 2012
7.	Safe driving product embedded software V2.11 (行車無憂產品嵌入式軟件V2.11)	PRC	IBO Shenzhen	2012SR128598	19 December 2012
8.	Wireless ultrasonic parking sensor product embedded software V3.1 (無線超聲波車位檢測器產品嵌入式軟件V3.1)	PRC	IBO Shenzhen	2013SR047454	20 May 2013
9.	High voltage transmission line latching alarm system warning terminal embedded software V2.01 (高壓輸電線路防誤登微波閉鎖報警系統預警終端嵌入式軟件 V2.01)	PRC	IBO Shenzhen	2013SR056078	7 June 2013
10.	Intelligent inspection and staff positioning management system locator embedded software V2.0 (智能巡檢與人員定位管理系統定位器嵌入式軟件V2.0)	PRC	IBO Shenzhen	2013SR056086	7 June 2013
11.	Intelligent inspection and staff positioning management system tag embedded software V2.0 (智能巡檢與人員定位管理系統標籤嵌入式軟件V2.0)	PRC	IBO Shenzhen	2013SR056850	8 June 2013
12.	Intelligent inspection and staff positioning management system reader embedded software V2.0 (智能巡檢與人員定位管理系統閱讀器嵌入式軟件V2.0)	PRC	IBO Shenzhen	2013SR061852	25 June 2013
13.	High voltage transmission line latching alarm system line group tag embedded software V2.01 (高壓輸電線路防誤登微波閉鎖報警系統線組標籤嵌入式軟件 V2.01)	PRC	IBO Shenzhen	2013SR061855	25 June 2013
14.	IBO high voltage transmission warning terminal software V2.01 (艾伯高壓輸電防誤登預警終端軟件V2.01)	PRC	IBO Shenzhen	2013SR071854	23 July 2013

No.	Name of computer software	Place of registration	Registrant	Registration no.	Date of registration
15.	IBO intelligent inspection and staff positioning management system software (Abbreviation: intelligent inspection and staff positioning management system) V2.0 (艾伯智能巡檢與人員定位管理系統軟件(簡稱：智能巡檢與人員定位管理系統) V2.0)	PRC	IBO Shenzhen	2013SR116976	31 October 2013
16.	IBO high voltage transmission line group tag software V2.01 (艾伯高壓輸電防誤登線組標籤軟件V2.01)	PRC	IBO Shenzhen	2013SR142473	10 December 2013
17.	IBO information driving intelligent diagnosis embedded software V1.0 (艾伯資訊行車智能診斷儀嵌入式軟件V1.0)	PRC	IBO Shenzhen	2014SR093148	8 July 2014
18.	IBO car user product embedded software V2.11 (艾伯用車邦產品嵌入式軟件 V2.11)	PRC	IBO Shenzhen	2015SR071308	29 April 2015
19.	IBO explosion-proof handheld products embedded software V1.0 (艾伯防爆手持機產品嵌入式軟體 V1.0)	PRC	IBO Shenzhen	2016SR351963	4 December 2016
20.	IBO card machine linkage products embedded software V1.0 (艾伯卡機聯動產品嵌入式軟體V1.0)	PRC	IBO Shenzhen	2016SR366140	12 December 2016
21.	IBO access system reader embedded software V2.0 (艾伯卡口系統閱讀器嵌入式軟體 V2.0)	PRC	IBO Shenzhen	2016SR378821	19 December 2016
22.	IBO Bluetooth mobile phone reader products embedded software V1.0 (艾伯藍牙手機閱讀器產品嵌入式軟體V1.0)	PRC	IBO Shenzhen	2016SR378913	19 December 2016
23.	IBO driver's licence and vehicle identification car equipment products embedded software V1.0 (艾伯駕駛証及車輛識別車載設備產品嵌入式軟件V1.0)	PRC	IBO Shenzhen	2017SR098760	31 March 2017
24.	IBO driver's licence and vehicle identification roadside equipment products embedded software V1.0 (艾伯駕駛証及車輛識別路側設備產品嵌入式軟件V1.0)	PRC	IBO Shenzhen	2017SR098750	31 March 2017

No.	Name of computer software	Place of registration	Registrant	Registration no.	Date of registration
25.	IBO second generation identity card face intelligent recogniser embedded software V1.0 (艾伯二代身份証人臉智能識別儀嵌入式軟件V1.0)	PRC	IBO Shenzhen	2017SR042506	14 February 2017
26.	IBO repeating measurement reader embedded software V1.0 (艾伯複稱閱讀器嵌入式軟件V1.0)	PRC	IBO Shenzhen	2017SR509261	13 September 2017

(d) *Domain names*

As at the Latest Practicable Date, our Group had registered the following domain names:

No.	Domain name	Registrant	Date of registration	Expiry date
1.	<u>abycb.cn</u>	IBO Shenzhen	26 May 2014	26 May 2019
2.	<u>abycb.com</u>	IBO Shenzhen	2 May 2014	2 May 2019
3.	<u>abycb.net</u>	IBO Shenzhen	23 May 2014	23 May 2019
4.	<u>cscchk.com</u>	IBO Shenzhen	14 June 2016	14 June 2019
5.	<u>ibotech.com.cn</u>	IBO Shenzhen	26 March 2007	26 March 2019
6.	<u>boohitech.com</u>	Shenzhen Bohai	22 April 2016	22 April 2019
7.	<u>ibotech.hk</u>	IBO Shenzhen	21 June 2017	21 June 2022

C. DISCLOSURE OF INTERESTS

1. Directors

(a) *Interest and/or short positions of our Directors and chief executive of our Company in the Shares, underlying Shares or debenture of our Company and associated corporations*

Immediately following completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be issued upon exercise of the Over-allotment Options or any options that may be granted under the Share Option Scheme), the interests and/or short positions of our Directors and chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO), which, once the Shares are listed, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken 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 the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to our Company and the Stock Exchange, will be as follows:

Name of Shareholder	Long/short position	Capacity/ Nature of Interest	Number of Shares (Note 1)	Approximate percentage of shareholding
Mr. Lai	Long position	Interest in a controlled corporation (Note 2)	213,000,000	53.25%

Notes:

- The letter "L" denotes a long position in the shareholder's interest in the share capital of our Company.
- Our Company is held as to 53.25% by Shine Well immediately following the completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Options or the options which may be granted under the Share Option Scheme). Shine Well is wholly-owned by Mr. Lai.

(b) *Particulars of service contracts*

Each of the executive Directors has entered into a service contract with our Company. The terms and conditions of each of such service contracts are similar in all material respects. The service contracts are initially for a fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. An executive Director or non-executive Director is required to abstain from voting and is not counted in the quorum in respect of any resolution of our Directors regarding the amount of the monthly salary and the discretionary bonus payable to him. The current basic annual remuneration of the executive Directors are as follows (subject to annual review at the discretion of the Board):

Name	Annual remuneration	
	Directors' fees	Salaries and other allowances
Mr. Lai	HK\$1,200,000	HK\$240,000
Mr. Gao	HK\$360,000	RMB480,000
Mr. Teng	HK\$360,000	RMB384,000
Mr. Yu	HK\$360,000	HK\$576,000
Mr. Lyu	HK\$360,000	RMB240,000

Each of the independent non-executive Directors has entered into a letter of appointment with our Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Dr. He Tianxiang and Dr. Wong Kwok Yan are appointed with an initial term of three years, while Mr. Hung Muk Ming is appointed with an initial term of two years, commencing

from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. The annual remuneration payable to the independent non-executive Directors under each of the letters of appointment are as follows:

Name	Annual remuneration Directors' fees
Dr. He Tianxiang	HK\$150,000
Dr. Wong Kwok Yan	HK\$150,000
Mr. Hung Muk Ming	HK\$150,000

Save for the service contracts and the letters of appointment as disclosed above, none of our Directors has entered or has proposed to enter into any service contract with our Company or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

(c) Remuneration of Directors

Our Company's policies concerning remuneration of executive Directors are: (1) the amount of remuneration payable to our executive Directors will be determined on a case by case basis depending on the experience, responsibility, workload and the time devoted to our Group by the relevant Director; and (2) our executive Directors may be granted, at the discretion of the Board, share options of our Company, as part of the remuneration package.

- (i) The aggregate remuneration paid by our Group to our Directors in respect of each of the three years ended 31 March 2017 and the four months ended 31 July 2017 were approximately RMB849,000, RMB895,000, RMB1,420,000 and RMB477,000 respectively.
- (ii) Save as disclosed in the Accountant's Report for the three years ended 31 March 2017 and the four months ended 31 July 2017, no Directors received any remuneration or benefits in kind from our Group for each of the three years ended 31 March 2017 and the four months ended 31 July 2017.
- (iii) None of our Company's Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 31 March 2017 and the four months ended 31 July 2017 as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (iv) Under the arrangement currently in force, conditional upon the Listing, the estimated aggregate remuneration (excluding discretionary bonus, if any) payable by our Group to our Directors for the financial year ending 31 March 2018 is expected to be approximately RMB2,184,000.

2. Substantial Shareholders

So far as we are aware, each of the following persons, other than a Director or chief executive of our Company who will, immediately following completion of the Global Offering and Capitalisation Issue (taking no account of any Shares which may be issued upon exercise of the Over-allotment Options or any options that may be granted under the Share Option Scheme), have an interest or a short position in the Shares or underlying Shares of our Company which will fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name of Shareholder	Long/short position	Capacity/Nature of Interest	Number of Shares	Percentage of shareholding
Shine Well (<i>Note 1</i>)	Long position	Beneficial owner	213,000,000	53.25%
Ms. Ho (<i>Note 1</i>)	Long position	Interest of spouse	213,000,000	53.25%
Century Race (<i>Note 2</i>)	Long position	Beneficial owner	31,500,000	7.875%
VC Group Holdings Limited (<i>Note 2</i>)	Long position	Interest in a controlled corporation	31,500,000	7.875%
Value Convergence Holdings Limited (<i>Note 2</i>)	Long position	Interest in a controlled corporation	31,500,000	7.875%
Ping An Securities (<i>Note 3</i>)	Long position	Beneficial owner	27,000,000	6.75%
Grand Ahead Finance Limited (<i>Note 3</i>)	Long position	Interest in a controlled corporation	27,000,000	6.75%
Ping An Securities Group (Holdings) Limited (<i>Note 3</i>)	Long position	Interest in a controlled corporation	27,000,000	6.75%
Well Up (Hong Kong) Limited (<i>Note 3</i>)	Long position	Interest in a controlled corporation	27,000,000	6.75%
King Focus International Limited (<i>Note 3</i>)	Long position	Interest in a controlled corporation	27,000,000	6.75%
Ever Step Holdings Limited (<i>Note 3</i>)	Long position	Interest in a controlled corporation	27,000,000	6.75%
Chong Sing Holdings FinTech Group Limited (<i>Note 3</i>)	Long position	Interest in a controlled corporation	27,000,000	6.75%
Charm Success Group Limited (<i>Note 3</i>)	Long position	Interest in a controlled corporation	27,000,000	6.75%
Deep Wealth Holding Limited (<i>Note 3</i>)	Long position	Interest in a controlled corporation	27,000,000	6.75%
TMF (Cayman) Limited (<i>Note 3</i>)	Long position	Trustee	27,000,000	6.75%
Cui Xintong (<i>Note 3</i>)	Long position	Founder of a discretionary trust who can influence how the trustee exercises his discretion	27,000,000	6.75%
Lee Ken-yi Terence (<i>Note 3</i>)	Long position	Interest of Spouse	27,000,000	6.75%

Notes:

1. Shine Well is wholly-owned by Mr. Lai. Ms. Ho is the spouse of Mr. Lai and thus she is deemed to be interested in the Shares in which Mr. Lai is interested for the purpose of the SFO.
2. Century Race is wholly and beneficially owned by VC Group Holdings Limited. VC Group Holdings Limited, a company incorporated in the BVI on 13 December 2013 and an investment holding company, is wholly and beneficially owned by Value Convergence Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0821). Value Convergence Holdings Limited and VC Group Holdings Limited are therefore deemed to be interested in the Shares held by Century Race pursuant to the SFO.
3. Ping An Securities is wholly and beneficially owned by Grand Ahead Finance Limited, which is in turn wholly-owned by Ping An Securities Group (Holdings) Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0231). Ping An Securities Group (Holdings) Limited is therefore deemed to be interested in the Shares held by Ping An Securities pursuant to the SFO. As at the Latest Practicable Date and to the best knowledge of the Directors, Well Up (Hong Kong) Limited is interested in 63.43% of the entire issued share capital of Ping An Securities Group (Holdings) Limited. Well Up (Hong Kong) Limited is wholly-owned by King Focus International Limited, which is in turn owned as to 49% by Charm Success Group Limited and 37% by Ever Step Holdings Limited, respectively.

Charm Success Group Limited is wholly-owned by Deep Wealth Holding Limited, which is in turn wholly-owned by TMF (Cayman) Limited as a trustee. Ms. Cui Xintong is the founder of the trust and Mr. Lee Ken-yi Terence is the spouse of Ms. Cui Xintong.

Ever Step Holdings Limited is wholly owned by Chong Sing Holdings FinTech Group Limited.

Therefore each of Well Up (Hong Kong) Limited, King Focus International Limited, Ever Step Holdings Limited, Chong Sing Holdings FinTech Group Limited, Charm Success Group Limited, Deep Wealth Holding Limited, TMF (Cayman) Limited, Ms. Cui Xintong and Mr. Lee Ken-yi Terence is deemed to be interested in 63.43% of the entire issued share capital of Ping An Securities Group (Holdings) Limited. Through such interests, each of them is therefore deemed to be interested in Shares in which Ping An Securities is interested for the purpose of the SFO.

Save for the above-named substantial Shareholders and so far as our Directors are aware, immediately following completion of the Global Offering and the Capitalisation Issue, there will not be any other persons (not being a Director or chief executive of our Company) who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

3. Agency fees or commissions received

Within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of any member of our Group.

4. Related party transactions

Save as disclosed in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, our Company had not engaged in any other material transactions or related party transactions.

5. Underwriter's interests

Ping An Securities, being one of our joint lead managers, is a Pre-IPO Investor and the holder of New Exchangeable Notes. For details of the pre-IPO investments, please refer to the paragraph headed "Pre-IPO Investments" under the section headed "History, Reorganisation and Corporate Structure" of this prospectus.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme approved by the resolution of the Shareholders passed on 6 December 2017. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

The purpose of the Share Option Scheme is for our Group to attract, retain and motivate talented Participants (as defined in paragraph (c) below), to strive for future developments and expansion of our Group. The Share Option Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of our Group and allow the Participants to enjoy the results of our Company attained through their efforts and contributions.

(b) Conditions

The Share Option Scheme is conditional upon:

- (i) the passing of the necessary resolution(s) by Shareholders to approve and adopt the Share Option Scheme;
- (ii) the Stock Exchange granting approval (whether subject to conditions or not) of the Share Option Scheme and any right to subscribe for Shares pursuant to the Share Option Scheme (the "**Share Option(s)**") which may be granted thereunder, and the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of the Share Options;
- (iii) the obligations of the Underwriters under the Underwriting Agreements referred to in "Underwriting" becoming unconditional (including, if relevant, as a result of the waiver of any such conditions) 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.

(c) Scope of Participants and eligibility of Participants

The Board may, at its discretion, invite:

- (i) any executive or non-executive Director including any independent non-executive Director or any employee (whether full-time or part-time) of any member of our Group;

- (ii) any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of our Group;
- (iii) any adviser or consultant (in the areas of legal, technical, financial or corporate management) to our Group;
- (iv) any provider of goods and/or services to our Group; or
- (v) any other person who the Board considers, in its sole discretion, has contributed to our Group to take up the Share Options.

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

(d) Acceptance of offer

Offer of a Share Option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the Option duly signed by the grantee together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company within 28 days from the date of the offer.

(e) Subscription price

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which a Share Option is granted; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which a Share Option is granted; and (iii) the nominal value of a Share.

(f) Maximum number of Shares available for subscription

- (i) Subject to (iv) below, the total number of Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of our Company shall not in aggregate exceed 10% of the total number of the Shares in issue immediately upon completion of the Global Offering and the Capitalisation Issue, unless our Company obtains an approval from our Shareholders pursuant to (ii) below.
- (ii) Subject to (iv) below, our Company may seek approval of our Shareholders in general meeting for refreshing the 10% limit set out in (i) above such that the total number of Shares which may be issued upon exercise of all Share Options to be granted under the Share Option Scheme and any other share option schemes of our Company under the limit as refreshed shall not exceed 10% of the total number of the Shares in issue as at the date of approval to refresh such limit.

- (iii) Subject to (iv) below, our Company may seek separate approval from our Shareholders in general meeting for granting Share Options beyond the 10% limit provided the Share Options granted in excess of such limit are granted only to Participants specifically identified by our Company before such approval is sought. In such case, our Company shall send a circular to our Shareholders containing the information required under the Listing Rules.
- (iv) Notwithstanding any other provisions of the Share Option Scheme, the maximum number of Shares in respect of which Share Options may be granted under the Share Option Scheme together with any options outstanding and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of Shares in issue from time to time. No Share Option may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such limit being exceeded.

(g) Conditions, restrictions or limitations on offers of Share Options

Unless otherwise determined by the Board and specified in the offer letter at the time of the offer of the Share Option, there are neither any performance targets that need to be achieved by the grantee before a Share Option can be exercised nor any minimum period for which a Share Option must be held before the Share Option can be exercised. Subject to the provisions of the Share Option Scheme and the Listing Rules, the Board may when making the offer of Share Options impose any conditions, restrictions or limitations in relation to the Share Option as it may at its absolute discretion think fit.

(h) Maximum entitlement of Shares of each Participant

- (i) Subject to paragraph (ii) below, the total number of Shares issued and to be issued upon exercise of the Share Options granted to each Participant (including both exercised, cancelled and outstanding Share Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- (ii) Notwithstanding (i) above, any further grant of Share Options to a Participant in excess of the 1% limit shall be subject to approval by our Shareholders in general meeting with such Participant and his or her close associates (or his or her close associates if the Participant is a core connected person) abstaining from voting. The number and the terms of the Share Options to be granted to such Participant shall be fixed before our Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(i) Grant of Share Options to connected persons

- (i) Any grant of Share Options to a Participant who is a director, chief executive or substantial Shareholder of our Company or any of their respective associates must be approved by the independent non-executive Directors of our Company (excluding independent non-executive Director who is the Participant).

(ii) Where the Board proposes to grant any Share Option to a Participant who is a substantial Shareholder or an independent non-executive Director, or any of their respective associates and such Share Option which if exercised in full, would result in such Participant becoming entitled to subscribe for such number of Shares, when aggregated with the total number of Shares already issued and issuable to him or her pursuant to all Share Options granted and to be granted (including Share Options exercised, cancelled and outstanding) to him or her in the 12-month period up to and including the date of such grant:

- (1) representing in aggregate more than 0.1% of the relevant class of securities of our Company in issue on the date of such grant; and
- (2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of such grant and if the date of such grant is not a trading day, the trading day immediately preceding the date of such grant, in excess of HK\$5 million, such proposed grant of Share Options must be approved by our Shareholders in general meeting. In such a case, our Company shall send a circular to our Shareholders containing all those terms as required under the Listing Rules. The Participant concerned, his or her associates and all core connected persons of our Company must abstain from voting at such general meeting (except where any core connected person intends to vote against the relevant resolution provided that such intention to do so has been stated in the circular). Any vote taken at the meeting to approve the grant of such Share Options must be taken on a poll.

(j) Exercise of Share Options

A Share Option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which a Share Option was granted, at any time during the option period after the Share Option has been granted by the Board but in any event, not longer than 10 years from the date of grant. A Share Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

(k) Transferability of the Share Options

A Share Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Share Option.

(l) If a grantee ceased to be a Participant by reason other than death or misconduct

If the grantee ceases to be a Participant for any reason other than on the grantee's death or the termination of the grantee's employment or directorship on one or more of the grounds specified in paragraph (n) below, the grantee may exercise the Share Option up to his or her entitlement at the date of cessation (to the extent which has become exercisable and not already exercised) within the period of nine months (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 the

relevant company in our Group whether salary is paid in lieu of notice or not, or the last date of appointment as director of the relevant company in our Group, as the case may be, failing which it will lapse.

(m) On the death of a grantee

If the grantee dies before exercising the Share Option in full and none of the events which would be a ground for termination of the grantee's employment or directorship under paragraph (n) below arises, the personal representative(s) of the grantee shall be entitled to exercise the Share Option up to the entitlement of such grantee at the date of death (to the extent which has become exercisable and not already exercised) within a period of 12 months or such longer period as the Board may determine from the date of death, failing which it will lapse.

(n) Termination of employment of a grantee by reason of misconduct

A Share Option shall lapse automatically (to the extent not already exercised) on the date on which the grantee ceased to be a Participant by reason of the termination of his or her employment or directorship on the grounds that he or she has been guilty of misconduct, or appears either to be unable to pay or have no reasonable prospect to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty.

(o) Voluntary winding-up of our Company

In the event a notice is given by our Company to our Shareholders to convene a Shareholders' meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees. Each grantee (or his or her legal personal representative(s)) may by notice in writing to our Company (such notice to be received by our Company not later than four business days prior to the proposed Shareholders' meeting) exercise the Share Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice, and our Company shall as soon as possible and, in any event, no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise. Subject to the above, a Share Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

(p) General offer by way of take-over

If a general offer by way of take-over is made to all the Shareholders (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) with the terms of the offer having been approved by our Shareholders of not less than nine-tenths in value of the Shares comprised in the offer within four months from the date of the offer and the offeror thereafter gives a notice to acquire the remaining Shares, the grantee (or where appropriate, his or her legal personal representatives) shall be entitled to exercise the Share Options in full (to the extent not already exercised) even though the option period has not come into effect during the occurrence of the general offer within 21 days after the date of such notice by the offeror. Subject to the above, a Share Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the period referred to above.

(q) Rights on a compromise or arrangement

If a compromise or arrangement between our Company and our Shareholders 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 company or companies, our Company shall give notice thereof to the grantee on the same date as it despatches the notice which is sent to each Shareholder or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may until the expiry of the period commencing with such date and ending with the earlier of the date two months thereafter and the date on which such compromise or arrangement is sanctioned by the court provided that the relevant Share Options are not subject to a term or condition precedent to them exercisable which has not been fulfilled, exercise any of his or her Share Options whether in full or in part, but the exercise of an Share Option as aforesaid shall be conditional upon such compromise or arrangement becoming effective. Upon such compromise or arrangement becoming effective, all Share Options shall lapse except insofar as previously exercised under the Share Option Scheme.

(r) Rank pari passu

The Shares to be allotted and issued upon the exercise of a Share Option will be subject to all the provisions of the Articles of Association for the time being in force and will rank pari passu with the fully paid Shares in issue as from the date of allotment and in particular will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date of allotment.

(s) Alteration in capital structure

In the event of any alteration in the capital structure of our Company whilst any Share Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, sub-division, or reduction of the share capital of our Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange, excluding any alteration in the capital structure of our Company as a result of an issue of Shares pursuant to, or in connection with, any share option scheme, share appreciation rights scheme or any arrangement for remunerating or incentivising any employee, consultant or adviser to our Company or any employee, consultant or adviser to our Group or in the event of any distribution of our Company's legal assets to our Shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to our Shareholders for each financial year of our Company, such corresponding alterations (if any) shall be made to:

- (i) the number of Shares subject to the Share Option so far as unexercised; or
- (ii) the subscription price,

or any combination thereof, as the auditors or the independent financial adviser of our Company shall certify in writing, either generally or as regards any particular grantee, to have, in their opinion, fairly and reasonably satisfied the requirement that any such adjustment shall be in compliance with the relevant provisions of the Listing Rules or such other guidelines or supplementary guidance as may be issued by the Stock Exchange from time to time.

(t) Duration of the Share Option Scheme

The Share Option Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, after which period no further Share Options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and Share Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(u) Cancellation of Share Options granted

The Board may at any time at its absolute discretion cancel any Share Options previously granted to, but not exercised by the grantee. Where our Company cancels Share Options and offers Share Options to the same grantee, the offer of the grant of such new Share Options may only be made with available Share Options to the extent not yet granted (excluding the cancelled Share Options) within the limit approved by our Shareholders as mentioned in paragraph (f) above. A Share Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the date on which the Share Option is cancelled by the Board as provided above.

(v) Termination of the Share Option Scheme

Our Company may by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Share Options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect.

(w) Alteration of provisions of the Share Option Scheme

The provisions of the Share Option Scheme may be altered in any respect by resolution of the Board except that provisions relating to the class of persons eligible for the grant of Share Options, the option period and all such other matters set out in Chapter 17 of the Listing Rules cannot be altered to the advantage of the Participants without the prior approval of our Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of the Share Options granted must be approved by the Stock Exchange and our Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The amended terms of the Share Option Scheme or the Share Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board or scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

(x) **Restrictions on the time of grant of Share Options**

No offer shall be made after inside information has come to the knowledge of our Company until such inside information has been published pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of the Board for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish announcement for its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, no Share Option may be granted.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme. On the assumption that 400,000,000 Shares are in issue on the date of commencement of dealings in the Shares on the Stock Exchange, the application to the Stock Exchange for the listing of, and permission to deal in the Shares on the Stock Exchange includes the 40,000,000 Shares which may be issued upon the exercise of the Share Options which may be granted under the Share Option Scheme.

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

E. OTHER INFORMATION

1. Estate duty, tax and other indemnities

Each of Shine Well and Mr. Lai (together, the “**Indemnifiers**”) has entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being the material contract item (c) referred to in “— B. Further information about our business — 1. Summary of material contracts”) to provide joint and several indemnities in connection with, among other things,

- (a) any taxation falling on any member of our Group (i) resulting from or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) on or before the date on which the Global Offering becomes unconditional (the “**Effective Date**”); or (ii) resulting from or by reference to any transaction, act, omission or event entered into or occurring (or deemed to be entered into or occurring on or before the Effective Date; or (iii) in respect of or in consequence of any act or omission of any member of our Group regarding the inter-companies transactions on or before the Effective Date; or (iv) by reason of any transfer of any property to any member of our Group or to any other person, entity or company made or deemed to have been made on or before the Effective Date; and

- (b) any duty which is or hereafter becomes payable by any member of our Group by virtue of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) under the provisions of section 43 of the Estate Duty Ordinance by reason of the death of any person and by reason of the assets of our Group or any of such assets being deemed for the purpose of estate duty to be included in the property passing on his death by reason of that person making or having made a relevant transfer to our Group or any member of our Group at any time prior to 11 February 2006 (i.e. being the date on which the Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect).

However, the Indemnifiers shall not be liable under the Deed of Indemnity for taxation:

- (a) to the extent that provision or allowance has been made for such taxation in the audited combined accounts of our Group for each of the three years ended 31 March 2017 and the four months ended 31 July 2017 (the “**Relevant Accounts**”);
- (b) to the extent that such taxation or liability for such taxation falling on any member of our Group in respect of their accounting periods or any accounting period commencing on or after 1 August 2017 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily effected by, our Group or any of its members (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifiers other than any such act, omission or transaction:
 - (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before the Effective Date;
 - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the Effective Date or pursuant to any statement of intention made in this prospectus; or
 - (iii) consisting of any member of our Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of taxation;
- (c) to the extent that such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other relevant authority coming into force after the date of the Deed of Indemnity or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect;
- (d) to the extent of any provisions or reserve made for taxation in the Relevant Accounts which is finally established to be an over-provision or an excessive reserve in which case the Indemnifier’s liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to this item (d) to reduce the Indemnifier’s liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or

- (e) to any incomes, profits or gains earned, accrued or received by any member of our Group or any event occurred after the Effective Date.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the Cayman Islands, the BVI or the PRC, being jurisdictions in which one or more of the companies comprising our Group are incorporated.

Under the Deed of Indemnity, each of the Indemnifiers has also undertaken and covenanted with each member of our Group that he shall hold our Group and each member of our Group harmless and keep our Group and each member of our Group fully indemnified on demand against any costs, expenses, claims, liabilities, penalties, losses or damages incurred or suffered by any member of our Group arising from any violation or non-compliance with the laws, rules or regulations applicable to our Group prior to the Listing Date, including all such non-compliance incidents as disclosed in the section headed “Business — Legal proceedings and regulatory compliance” in this prospectus.

2. Litigation

As at the Latest Practicable Date, neither we nor any other member of our Group is engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of our Group.

3. Sponsor

The Sponsor has made an application on our behalf to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares falling to be issued pursuant to the Capitalisation Issue or pursuant to the exercise of any options that may be granted under the Share Option Scheme). The Sponsor has confirmed to the Stock Exchange that it is independent of our Company in accordance with Rule 3A.07 of the Listing Rules. The Sponsor’s fees are approximately HK\$5.5 million and are payable by our Company.

4. Preliminary expenses

Our estimated preliminary expenses relating to the incorporation of our Company are approximately HK\$60,000 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

6. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Innovax Capital Limited	A corporation licensed by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity under the SFO
Haiwen & Partners	Legal advisers as to PRC law
Tian Yuan Law Firm	Legal advisers as to PRC law in respect of LC Financing Arrangements)
Deloitte Touche Tohmatsu	Certified public accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Frost & Sullivan	Independent industry consultants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent professional valuer

7. Consents of experts

Each of the experts referred to in paragraph 6 above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and/or letters and/or valuation certificates and/or legal opinion (as the case may be) and the references to their name in the form and context in which it respectively appears.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding up and Miscellaneous Provisions) Ordinance insofar as applicable.

9. Share registrars

The principal register of members will be maintained by Conyers Trust Company (Cayman) Limited in the Cayman Islands and a branch register of members will be maintained by Computershare Hong Kong Investor Services Limited in Hong Kong. Unless our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with and registered by, our Company's branch share registrar in Hong Kong and may not be lodged for registration with the principal share registrar in the Cayman Islands.

10. Disclaimers

- (a) None of our Directors nor any of the parties whose names are listed in “— 6. Qualification of experts” is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, 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 nor any of the parties whose names are listed in “— 6. Qualification of experts” 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;
- (c) None of the experts named in “— 6. Qualification of experts” has any shareholding in any member in our Group or the right (whether legal enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member in our Group; and
- (d) None of our Directors or their respective close associates is interested in any business apart from our Group’s business, which competes or is likely to compete, either directly or indirectly, with our Group’s business.

11. Miscellaneous

- (a) Save as disclosed in the sections headed “History, Reorganisation and Corporate Structure”, “Share Capital” and “Structure of the Global Offering” as well as this appendix, 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 fully or partly paid either for cash or for a consideration other than cash;
- (b) 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;
- (c) No founders, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (d) No commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
- (e) No company within our Group is presently listed on any stock exchange or traded on any trading system;
- (f) All necessary arrangements have been made to enable the shares to be admitted into CCASS for clearing and settlement;
- (g) There has not been any interruption in the business of our Group which may have or has had a material adverse effect on the financial position of our Group within 12 months immediately preceding the date of this prospectus;

- (h) There are no arrangements under which future dividends are waived or agreed to be waived;
and
- (i) Our Company has no outstanding convertible debt securities or debentures.

12. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under 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

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (a) a copy of each of the **WHITE, YELLOW** and **GREEN** Application Forms; (b) the written consents referred to in “E. Other information — 7. Consents of experts” in Appendix V to this prospectus; and (c) copies of the material contracts referred to in “B. Further information about our business — 1. Summary of material contracts” in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Tung & Co. at Office 1601, 16/F, LHT Tower, 31 Queen’s Road Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association;
- (b) the Accountant’s Report from Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;
- (c) the letter on unaudited pro forma financial information prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;
- (d) the property valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the texts of which is set out in Appendix III to this prospectus;
- (e) the material contracts referred to in “B. Further information about our business — 1. Summary of material contracts” in Appendix V to this prospectus;
- (f) the service contracts with the executive Directors and the letters of appointment with independent non-executive Directors, referred to in “C. Disclosure of interests — 1. Directors — (b) Particulars of service contracts” in Appendix V to this prospectus;
- (g) the rules of the Share Option Scheme referred to in “D. Share Option Scheme” in Appendix V to this prospectus;
- (h) the written consents referred to in “E. Other information — 7. Consents of experts” in Appendix V to this prospectus;
- (i) the legal opinions prepared by Haiwen & Partners, the legal advisers to the Company as to PRC law, in respect of certain aspects of the Group and the property interests of the Group in the PRC;
- (j) the legal opinion prepared by Tian Yuan Law Firm, the legal advisers to the Company as to PRC law (on LC Financing Arrangements);
- (k) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix IV to this prospectus;

- (l) the Companies Law; and
- (m) the industry report prepared by Frost & Sullivan referred to in “Industry Overview”.

IBO Technology Company Limited
艾伯科技股份有限公司