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Post Hearing Information Pack of

Future Data Group Limited

(the "Company")

(Incorporated in the Cayman Islands with limited liability)

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

Future Data Group Limited

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED]	**:**	**[REDACTED] Shares**
[REDACTED]	**:**	**Not more than HK$[REDACTED] per [REDACTED] and not less than HK$[REDACTED] per [REDACTED] (payable in full on application in Hong Kong dollars plus brokerage of 1.00%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**[REDACTED]**

Sole Sponsor

Shenwan Hongyuan Capital (H.K.) Limited

[REDACTED]

[REDACTED]

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

The [REDACTED] is currently expected to be fixed by agreement among the [REDACTED] (for themselves and on behalf of the [REDACTED]) and our Company on the [REDACTED]. The [REDACTED] is expected to be on or around [REDACTED]. The [REDACTED] will be not more than HK$[REDACTED] and is currently expected to be not less than HK$[REDACTED] unless otherwise announced. If our Company and the [REDACTED] (for themselves and on behalf of the [REDACTED]) are unable to reach an agreement on the [REDACTED] on the [REDACTED] or such later date as may be agreed between our Company and the [REDACTED] (for themselves and on behalf of the [REDACTED]), the [REDACTED] will not become unconditional and will lapse immediately. In such case, an announcement will be made immediately by our Company on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.futuredatagroup.com. The [REDACTED] (for themselves and on behalf of the [REDACTED]) may with our consent reduce the indicative [REDACTED] range below such indicative [REDACTED] range as stated in this document at any time prior to the [REDACTED]. If this occurs, a notice of reduction of the indicative [REDACTED] range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.futuredatagroup.com.

Prospective investors of the [REDACTED] should note that the [REDACTED] (for themselves and on behalf of the [REDACTED]) are entitled to terminate the [REDACTED] by giving a notice in writing to our Company if certain circumstances arise prior to 8:00 a.m. (Hong Kong time) on the [REDACTED]. Such circumstances are set out in the paragraph headed "Grounds for termination" under the section headed "Underwriting" in this document. It is important that you carefully read that section for further details.

CHARACTERISTICS OF GEM

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

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

EXPECTED TIMETABLE[(1)]

[REDACTED]

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IMPORTANT NOTICE TO INVESTORS

This document is issued by our Company solely in connection with the [REDACTED] and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the [REDACTED] offered by this document. This document 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.

You should rely only on the information contained in this document to make your investment decision. Our Company, the Sole Sponsor, the [REDACTED], the [REDACTED] and the [REDACTED] have not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], any of our/their respective directors, officers, employees, agents or representatives or any other party involved in the [REDACTED]. The contents on the official website of our Company at www.futuredatagroup.com do not form part of this document.

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all of the information which may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the whole document including the appendices hereto, which constitute an integral part of this document, before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are summarised in the section headed "Risk Factors" in this document. You should read such section carefully before you decide to invest in the [REDACTED].

Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this document.

OVERVIEW

Established in 1997, we are a Korea based company principally engaged in the provision of:

(i) integrated systems; and

(ii) maintenance service.

The table below illustrates the breakdown of our revenue by business segments during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
System integration	395,361	89.5	439,732	85.3
Maintenance service	46,444	10.5	75,972	14.7
	441,805	100.0	515,704	100.0

Scope of Work

Having a reliable, efficient and secure system to capture, store and transmit data, which may range from e-mails, mobile text messages, video, to electronic files and credit card transaction records, has become inevitable to the daily operation of commercial and government entities. We believe that we possess the necessary knowledge and know-how to formulate system integration solutions with network connectivity, cloud computing and security features for our customers. Depending on each customer's requirements and objectives, the level of emphasis on these features may vary in each project. Set out below is a general description of the nature of these features:

Network connectivity	connection between hardware and software to enable data capturing, storage transmission within networks
Cloud computing	network or internet based solutions with virtualization technology which allow sharing of data processing and programs between devices and/or data centers
Security	features designed to protect critical assets and data against security risks

Our engineers, based on their experience and expertise, source and integrate suitable hardware and software components and configure them into compatible, efficient and secured systems within the customers' cost budget.

In addition, we provide maintenance services to our customers to ensure that their systems are running properly, and, in the event of system failure, to identify the fault and repair the relevant part of their systems to minimise disruption to our customers' operations. In responding to the technical issues faced by our customers, we may deploy our technical staff to provide on-site support when deemed necessary. We also conduct regular check-ups on our customers' systems to identify potential technical issues and help our customers install and integrate newly released or upgraded software patches.

Our system integration projects

During the Track Record Period, all our projects we undertook were located in Korea, except for the security system project for an underground railway line in Kuala Lumpur, Malaysia (i.e. the project codenamed P3 in the paragraph headed "1. System Integration — Our top 10 projects" under the section headed "Business" on pages 89 to 92 in this document). In Korea, the government firstly introduced the SIP Act in 2004 to restrict the participation of Large-size Operators in public entity software projects of certain contract value in order to promote the growth of Small-and-medium-size Operators. Over the years, the Korean government has amended various provisions of the SIP Act with the objective of providing more business opportunities to Small-and-medium-size Operators in the public entity project segment. Under the current relevant provisions of the SIP Act, our principal operating subsidiary in Korea is classified as a Small-and-medium-size Operator and can participate in public entity projects of any size, whereas a Large-size Operator is prohibited to participate in public entity projects of individual size of KRW2 billion (approximately HK$14 million) or under. Our Directors consider the strict enforcement of the SIP Act has benefited Small-and-medium-size Operators in obtaining sizable public entity projects, which were previously dominated by the Large-size Operators, especially those belonging to the conglomerate groups. For details of the SIP Act and the restrictions on participation by Large-size Operators in public entity software projects, please refer to the paragraph headed "Regulations on Business Regarding Government Projects — SIP Act" under the section headed "Regulatory Overview" on pages 61 to 63 in this document.

The following table shows an analysis of our system integration projects during the Track Record Period:

	Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2014	2015	2014	2015	2014	2015
	Number of projects		Revenue recognised		% to our total system integration revenue	
			(approximately HK$ million)		*(%)*	
Project size over HK$14 million	6[(Note 1)]	4[(Note 2)]	71.2	82.2	18.0	18.7
Project size under HK$14 million	285	338[(Note 3)]	324.2	357.5	82.0	81.3
	291	342	395.4	439.7	100.0	100.0

Notes:

1. Comprised the projects codenamed P1, P2, P3, P4, P5 and P11 in the paragraph headed "1. System Integration — Our top 10 projects" under the section headed "Business" on pages 89 to 92 in this document.

2. Comprised the projects codenamed P3, P11, P12 and P13 in the paragraph headed "1. System Integration — Our top 10 projects" under the section headed "Business" on pages 89 to 92 in this document.

3. Included 11 projects brought forward from 2014.

Our management and personnel

We have a stable and experienced management team, with a majority of the team members having served our Group for more than 15 years. Our Directors believe that the vision and extensive experience of our management, coupled with their in-depth industry knowledge and understanding of the market through close working relationship with our customers and suppliers, are essential to our success. Over the years, our Company has grown from initially five founders to 183 employees and established a recognised position in the system integration industry in Korea. As at the Latest Practicable Date, we had 45 sales and marketing personnel and 125 engineers.

Pricing Policy

Our pricing is determined on a project-by-project basis. In preparing a quotation, typical factors taken into account include site conditions, component prices as quoted by our suppliers and/or subcontractors, human resources, duration of the project and other factors. We prepare our quotation based on our cost estimates (which mainly include costs of the hardware and software components and/or subcontractors) plus a mark-up margin with reference to historical fees we received from similar projects, expected competition from the market and the prevailing market rates.

COMPETITIVE STRENGTHS

We believe our success is attributable to, among other things, the following competitive strengths:

- demonstrated track record in providing integrated systems thus securing business with recurring customers;
- stable management team and experienced technical team; and
- well-established rapport with some of our Group's business partners who provide various key components of our systems.

For details, please refer to the paragraph headed "Our Competitive Strengths" under the section headed "Business" on pages 84 to 86 of this document.

BUSINESS STRATEGIES

To maintain our market share, enhance our service quality and attract more customers, we intend to implement the following business strategies:

- expanding our market share by increasing service points;
- developing our overseas business by partnering with leading Korean IT companies in overseas projects; and
- expanding our professional team and enhancing our service quality.

In relation to the development of our overseas business by partnering with leading Korean IT companies in overseas projects, we have been in discussion with certain leading Korean IT companies about their overseas projects in some Asian countries, but all of these opportunities are still at the preliminary discussion stage and no formal agreement or memorandum of understanding had been entered into by our Group in relation to these projects as at the Latest Practicable Date. Should any such overseas project opportunities become mature, we will conduct feasibility studies which will primarily focus on matters relating to operation in the jurisdictions where the potential overseas projects are located and engage additional legal, financial or technical expertise if and when necessary, and these are intended to be funded by our internal resources. Moreover, our Directors believe that our Hong Kong office, which is currently intended to be used for handling the administrative matters in relation to the [REDACTED], has the potential of being utilised as a hub for facilitating the operations of our Group in the implementation of the overseas projects if any such opportunities materialise. However, our Directors believe that it is too premature to form concrete plans for the role of the Hong Kong office in future overseas projects, as all overseas opportunities are only at the preliminary discussion stage.

For details of our business strategies, please refer to the paragraph headed "Business strategies" under the section headed "Business" on pages 86 to 88 in this document.

CUSTOMERS AND SUPPLIERS

Through our 19 years of experience in the industry, we pride ourselves on the diversity of customers we served, which includes public utility corporations, telecom operators, financial institutions and other commercial entities. We had served over 300 and 400 customers for each of the two years ended 31 December 2015, respectively. For each of the two years ended 31 December 2015, the revenue from our five largest customers accounted for approximately 24.9% and 23.4% of our total revenue, respectively, and our largest customer accounted for approximately 8.4% and 6.1% of our total revenue, respectively. For each of the two years ended 31 December 2015, revenue generated from recurring customers accounted for approximately 79.1% and 74.6% of our total revenue, respectively. For details of our five largest customers, please refer to the paragraph headed "Customers, sales and marketing" under the section headed "Business" on pages 100 to 105 of this document.

For each of the two years ended 31 December 2015, the aggregate cost incurred for purchases from our largest supplier accounted for approximately 9.8% and 10.6% of our total cost of hardware and software components, respectively, whereas our costs incurred for purchases from our five largest suppliers in aggregate amounted to approximately 30.2% and 27.3% of our total cost of hardware and software components, respectively. For details of our five largest suppliers, please refer to the paragraph headed "Suppliers" under the section headed "Business" on pages 105 to 109 of this document.

COMPETITIVE LANDSCAPE

According to Frost & Sullivan Report, the Korean system integration market is highly fragmented and competitive, with over 600 market participants in 2015. The market share of the system integration industry in Korea can be classified into three categories, namely conglomerate groups, large size companies and small and medium size companies with market share of 27.8%, 34.7% and 37.5% in 2015, respectively. In 2015, our Group's market share in the system integration market was 0.2%, and we belonged to the category of small and medium size companies. Among the small and medium size companies, our Group's market share in this sub-segment was 0.6%, and we ranked fourth in terms of revenue in 2015.

KEY OPERATIONAL AND FINANCIAL DATA

The following table sets forth our key operational and financial data during the Track Record Period:

	For the year ended 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Results of operations		
Revenue	441,805	515,704
Gross Profit	62,070	73,072
Profit before income tax	12,874	11,475
Profit for the year	10,775	8,131*(Note)*
Financial position		
Non-current assets	18,668	26,003
Current assets	164,719	196,146
Non-current liabilities	1,292	1,134
Current liabilities	119,411	156,662
Net current assets	45,308	39,484
Total equity	62,684	64,353
Cash flows		
Operating cash flows before working capital changes	17,895	16,888
Net cash generated from operating activities	30,552	43,073
Net cash used in investment activities	(10,607)	(2,678)
Net cash (used in)/generated from financing activities	(1,331)	4,955
Key financial ratios		
Gross profit margin	14.0%	14.2%
Net profit margin	2.4%	1.6%*(Note)*
Return on equity	17.2%	12.6%*(Note)*
Return on total assets	5.9%	3.7%*(Note)*
Current ratio	1.4 times	1.3 times
Trade receivables turnover days	85.5 days	70.6 days
Trade payables turnover days	73.6 days	79.3 days
Gearing ratio	17.9%	28.5%

Note: Taking out the effect of the non-recurring [REDACTED] expenses of HK$[REDACTED] million recorded in 2015, our profit for the year, net profit margin, return on equity and return on total assets would be HK$14.7 million, 2.8%, 22.8% and 6.6%, respectively.

For the year ended 31 December 2015, our revenue increased by approximately 16.7% as compared to that of the year ended 31 December 2014, which was primarily due to the increase in the business volume of our Group as a result of the increase in demand of system integration projects and maintenance service in Korea. Despite such increase in our revenue, our profit for the year ended 31 December 2015 decreased by approximately 24.5% mainly as a result of [REDACTED] expenses incurred of approximately HK$[REDACTED] million in the year ended 31 December 2015. Please refer to the section headed "Financial Information" on pages 151 to 190 of this document for a further discussion and analysis of our financial information.

Breakdown of revenue, gross profit and gross profit margin by business segments

Set forth below is a breakdown of our Group's revenue, gross profit and gross profit margin by business segments during the Track Record Period:

	Year ended 31 December							
	2014				2015			
	Revenue	*% of total revenue*	Gross profit	Gross profit margin	Revenue	*% of total revenue*	Gross profit	Gross profit margin
	HK$'000		*HK$'000*	*%*	*HK$'000*		*HK$'000*	*%*
System integration	395,361	*89.5*	47,096	11.9	439,732	*85.3*	46,908	10.7
Maintenance service	46,444	*10.5*	14,974	32.2	75,972	*14.7*	26,164	34.4
	441,805	*100.0*	62,070	14.0	515,704	*100.0*	73,072	14.2

Breakdown of revenue, gross profit and gross profit margin by customer types

Set forth below is a breakdown of our Group's revenue, gross profit and gross profit margin by customer types during the Track Record Period:

	Year ended 31 December							
	2014				2015			
	Revenue	*% of total revenue*	Gross profit	Gross profit margin	Revenue	*% of total revenue*	Gross profit	Gross profit margin
	HK$'000		*HK$'000*	*%*	*HK$'000*		*HK$'000*	*%*
Public	129,652	*29.3*	12,962	10.0	163,110	*31.6*	18,083	11.1
Private	312,153	*70.7*	49,108	15.7	352,594	*68.4*	54,989	15.6
	441,805	*100.0*	62,070	14.0	515,704	*100.0*	73,072	14.2

CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion (without taking into account any Shares which may be allotted and issued upon the exercise of any option which has been or may be granted under the Share Option Scheme), LiquidTech, AMS, Mr. Phung, Mr. Lee, Mr. Suh, Mr. Park and Ms. Marilyn Tang will be collectively entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company. As such, LiquidTech, AMS, Mr. Phung, Mr. Lee, Mr. Suh, Mr. Park and Ms. Marilyn Tang, being a group of persons who are entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of our Company, are our Controlling Shareholders.

[REDACTED] INVESTMENTS

There have been two rounds of [REDACTED] investments.

On 4 December 2015, Epro Capital, as lender, entered into the Epro Exchangeable Loan Agreement with AMS, as borrower, pursuant to which Epro Capital agreed to make available the Epro Exchangeable Loan in the sum of US$1.0 million to AMS. The drawdown of the principal sum of US$1.0 million under the Epro Exchangeable Loan Agreement was completed and the funds were irrevocably settled and received by AMS on 14 December 2015.

On 16 February 2016, Mr. Joung, as lender, entered into the Joung Exchangeable Loan Agreement with AMS, as borrower, pursuant to which Mr. Joung agreed to make available the Joung Exchangeable Loan in the sum of US$359,834 (equivalent to KRW 400 million) to AMS. The drawdown of the principal sum of US$359,834 (equivalent to KRW 400 million) under the Joung Exchangeable Loan Agreement was completed and the funds were irrevocably settled and received by AMS on 17 February 2016.

Pursuant to the terms of each of the Epro Exchangeable Loan Agreement and Joung Exchangeable Loan Agreement, upon the occurence of the [REDACTED] Event, the principal amounts of the Epro Exchangeable Loan and Joung Exchangeable Loan shall be automatically and mandatorily exchanged into [REDACTED] Shares and [REDACTED] Shares (representing approximately [REDACTED]% and [REDACTED]%, respectively, of the issued share capital of our Company as enlarged by the [REDACTED] and the [REDACTED]), respectively. AMS shall be bound to transfer or procure LiquidTech to transfer the relevant number of Shares held by it to Epro Capital and Mr. Joung before the [REDACTED], respectively. In the event that the [REDACTED] does not take place on or before 31 December 2016, the principal amounts of the Epro Exchangeable Loan and the Joung Exchangeable Loan shall be automatically and mandatorily converted into such number of new AMS Shares representing approximately [REDACTED]% and [REDACTED]% of the issued share capital of AMS, respectively. Pursuant to the terms of the Epro Exchangeable Loan Agreement and Joung Exchangeable Loan Agreement, both Epro Capital and Mr. Joung do not enjoy any special rights in connection with the [REDACTED] investment.

DIVIDENDS AND DIVIDEND POLICY

Global Telecom declared a dividend of US$2.0 million (equivalent to approximately HK$15.3 million) out of its distributable profits in the year ended 31 December 2014, of which US$0.2 million (equivalent to approximately HK$1.6 million) and US$1.1 million (equivalent to approximately HK$8.4 million) were paid during the year ended 31 December 2014 and 31 December 2015, respectively. The balance of US$0.7 million (equivalent to HK$5.3 million) was paid out on 16 March 2016.

The declaration, payment and the amount of dividends are dependent on the results of operations, cash flows, financial condition, future prospects and other factors that our Directors may consider relevant. Subject to these factors, our Board intends to recommend at the relevant shareholders' meetings an annual dividend of no less than 25% of our net profit available for distribution to the Shareholders in the foreseeable future.

Under the Commercial Code of Korea, a Korean stock corporation such as our wholly-owned subsidiary Global Telecom can declare and pay dividend on the condition that (i) it has set aside a legal reserve with an amount equal to at least 10% of the cash portion of the annual dividends; or (ii) it has accumulated a legal reserve of not less than 50% of its share capital. For further details of the relevant regulation, please refer to paragraph headed "Regulations on Dividend Distribution" under the section headed "Regulatory Overview" on pages 66 to 67 of this document. As at 31 December 2015, Global Telecom has accumulated legal reserve amounted to approximately HK$1.5 million, representing approximately 41.5% of its share capital. It should be noted that the declaration of any dividends by Global Telecom is subject to the abovementioned condition, i.e. Global Telecom will have to set aside a legal reserve with an amount equal to at least 10% of the cash portion of the annual dividends.

LEGAL COMPLIANCE AND LITIGATION

As advised by our Korean Legal Advisers, during the Track Record Period and up to the Latest Practicable Date,

- we have obtained all the relevant approvals, permits, licences and certificates for conducting our business in Korea. All such approvals, permits, licences and certificates remain valid;

- we are in compliance with all applicable laws, rules and regulations of Korea in relation to our business and operation in all material respects;

- there is no pending legal proceeding by or against us and we are not subject to any prosecution for any offences, violations or breaches of laws, rules and regulations in Korea in respect of our business and operations.

OUR LATEST DEVELOPMENT

Subsequent to the Track Record Period, we continued our focus on the provision of integrated systems. Set out below are the details of the movement of the number of projects in our backlog for the Track Record Period and up to 30 April 2016.

	Year ended 31 December		From 1 January 2016 to 30 April 2016
	2014	2015	
Number of projects corresponding to opening value of backlog	34	14	36
Number of projects corresponding to new contracts awarded	260	345	202
Number of projects completed during the year or period indicated	(280)	(323)	(182)
Number of projects corresponding to closing value of backlog	14	36	56

For details of the top 10 system integration projects after the Track Record Period, please refer to the sub-paragraph headed "Our top 10 projects — System integration project backlog" under the section headed "Business" on pages 93 to 95 of this document.

[REDACTED] EXPENSES

Based on the [REDACTED] of HK$[REDACTED] per [REDACTED], the estimated total [REDACTED] expenses in relation to the [REDACTED] are approximately HK$[REDACTED] million, of which approximately: (i) HK$[REDACTED] million is to be capitalised upon [REDACTED]; and (ii) HK$[REDACTED] million has been or is expected to be charged to profit and loss account. Out of this amount, approximately HK$[REDACTED] million had been charged to our profit and loss account for the year ended 31 December 2015. The remaining amount of approximately HK$[REDACTED] million is expected to be charged to our profit and loss account for the year ending 31 December 2016. The actual amounts to be recognised to the profit and loss of our Group or to be capitalised are subject to adjustments based on audit and changes in variables and assumptions. **Prospective investors should note that our financial results for the year ending 31 December 2016 will be adversely affected by the estimated non-recurring [REDACTED] expenses described above, and may not be comparable to the financial performance of our Group in the past.**

REASONS FOR [REDACTED] IN HONG KONG AND [REDACTED]

As advised by our Korean Legal Advisers, Global Telecom, our principal operating subsidiary, meets the basic requirements to be eligible to apply for [REDACTED] on the KOSDAQ (Korean Securities Dealers Automated Quotations Markets) of the Korea Exchange. Despite the above, our Directors confirm that we have never applied for [REDACTED] on the KOSDAQ and we do not have any plans to apply for [REDACTED] in Korea in the near future.

Our Directors believe that Hong Kong is a major international financial centre comprising established infrastructure that attracts investors worldwide. With the standard of information transparency as required by the Stock Exchange and the more widely received official language of corporate information dissimilation (i.e. English), our Directors recognised that our Group's presence in the Hong Kong capital markets could create a higher level of visibility for our Group among international investors, and hence gain better access to international funding. Our Directors believe that access to international funding will support our Group's long term sustainable growth by providing our Group with diversified and flexible means to fund the expansions plans our Group may have from time to time in the future and support the working capital needs of its operations. Our Directors confirm that our Company currently has no plans to conduct any fund raising activities in the near future other than the [REDACTED], and that should any fund raising activities be required in the future, our Group will fully disclose the purpose of these fund raising activities in the announcements and circulars (if applicable) to be published by our Company pursuant to the GEM Listing Rules.

In addition, our Directors believe that the securities market in Hong Kong is well recognised as a strictly regulated market and by being a Hong Kong listed company, it would raise the international profile of our Group. Our Directors believe that with an approved standard of information transparency, the [REDACTED] would give both existing and potential customers or suppliers from Korea and around the world public access to our Group's corporate and financial information, which could enhance their confidence that we are a well-established company and would therefore generate further acceptance among them and assists our Group to explore new business opportunities.

The [REDACTED] from the [REDACTED] will strengthen the financial position and will enable our Group to implement our Group's business plans set out in the section headed "Business Objectives and Future Plans" on pages 129 to 134 of this document.

Based on the [REDACTED] of HK$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range stated in this document, our [REDACTED] of approximately HK$[REDACTED] million from the [REDACTED] will be used as follows:

		For the six months ending					
	From the Latest Practicable Date to 31 December 2016	**30 June 2017**	**31 December 2017**	**30 June 2018**	**31 December 2018**	**Total**	**Approximate % of the total [REDACTED]**
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	
Acquiring office building in Seoul as our headquarter	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Setting up new service points in the cities of Busan, Jeonju and Gangneung in Korea	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Setting up office in Hong Kong	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
General working capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that save as disclosed in the paragraph headed "[REDACTED] expenses" in the section headed "Financial Information" on page 189 of this document, up to the date of this document, there had been no material adverse change in our financial or trading position since 31 December 2015, being the date to which the latest audited financial statements of our Group were made up.

[REDACTED]

RISK FACTORS

We summarise below the most material risks to our operations. Prospective investors should refer to all the risk factors which may affect your investment decision in relation to the [REDACTED] as set out in the section headed "Risk Factors" on pages 27 to 38 of this document.

- our integrated systems are provided on a project basis and such projects are not recurring in nature and our future business depends on our continuing success in securing contracts

- our historical growth may not be indicative of our future growth

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

- our business operation depends on the expertise and continuing performance of our key executives and personnel and may be adversely affected if we fail to retain them or find suitable replacements

- we rely on a single geographical market and any adverse economic, social and/or political conditions affecting the market may adversely affect our business

- our financial performance for the year ending 31 December 2016 will be adversely affected by the non-recurring [REDACTED] expenses

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

"**Acting in Concert Confirmation and Undertaking**"	the acting in concert confirmation and undertaking dated 21 June 2016 and entered into among Mr. Lee, Mr. Park, Mr. Phung and Mr. Suh to confirm and undertake, among other things, that they were and will be parties acting in concert in relation to our Group, details of which are set out in the paragraph "Acting in Concert Confirmation and Undertaking" in the section headed "Relationship with the Controlling Shareholders" in this document
"**AMS**"	Asia Media Systems Pte. Ltd., a company incorporated in Singapore with limited liability on 24 May 2006, a Controlling Shareholder and is owned as to approximately 26.14% by Mr. Phung, 25.34% by Mr. Suh, 14.71% by Mr. Lee, 14.03% by Mr. Park, 14.03% by Mr. SG Lee, 3.40% by Mr. JE Lee and 2.35% by Ms. Marilyn Tang
"**AMS Shareholders**"	collectively, Mr. Phung, Mr. Suh, Mr. Lee, Mr. Park, Mr. SG Lee, Mr. JE Lee and Ms. Marilyn Tang
"**Articles**" or "**Articles of Association**"	the articles of association of our Company conditionally adopted on 21 June 2016 to take effect on the [REDACTED], as amended from time to time, a summary of which is set out in Appendix III to this document
"**associate(s)**"	has the meaning ascribed to it under the GEM Listing Rules
"**Board**"	the board of Directors
"**business day**"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"**BVI**"	the British Virgin Islands
"**CAGR**"	compound annual growth rate
"[REDACTED]"	[REDACTED]

"**CCASS**"	the Central Clearing and Settlement System established and operated by HKSCC
"**CCASS Clearing Participant(s)**"	person(s) admitted to participate in CCASS as direct clearing participant(s) or general clearing participant(s)
"**CCASS Custodian Participant(s)**"	person(s) admitted to participate in CCASS as custodian participant(s)
"**CCASS Investor Participant(s)**"	person(s) admitted to participate in CCASS as investor participant(s), who may be individual(s) or joint individuals or corporation(s)
"**CCASS Participant(s)**"	CCASS Clearing Participant(s), CCASS Custodian Participant(s) or CCASS Investor Participant(s)
"**CG Code**"	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
"**close associate(s)**"	has the meaning ascribed to it under the GEM Listing Rules
"**Companies (Winding Up and Miscellaneous Provisions) Ordinance**"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"**Companies Law**"	the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which came into effect on 3 March 2014, as amended, supplemented or otherwise modified from time to time
"**Company**"	Future Data Group Limited, an exempted company incorporated in the Cayman Islands on 4 January 2016 with limited liability and references to "we", "us" or "our" refer to our Group or, where the context requires, our Company
"**connected person(s)**"	has the meaning ascribed to it under the GEM Listing Rules
"**Controlling Shareholder(s)**"	has the meaning ascribed to it under the GEM Listing Rules, and in the context of this document, means collectively LiquidTech, AMS, Mr. Phung, Mr. Lee, Mr. Suh, Mr. Park and Ms. Marilyn Tang

"**core connected person(s)**"	has the meaning ascribed to it under the GEM Listing Rules
"**Deed of Indemnity**"	the deed of indemnity dated 28 June 2016 executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for each of our subsidiaries from time to time) regarding certain indemnities as more particularly set out in the paragraph headed "1. Tax indemnity" in Appendix IV to this document
"**Deed of Non-competition**"	the deed of non-competition dated 28 June 2016 executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for each of our subsidiaries from time to time) regarding the non-competition undertakings as more particularly set out in the paragraph headed "Deed of Non-competition" under the section headed "Relationship with the Controlling Shareholders" in this document
"**Director(s)**"	director(s) of our Company
"**Epro Capital**"	Epro Capital Inc., being a company incorporated in BVI with limited liability and one of the [REDACTED] Investors, the equity interest of which is ultimately and beneficially owned as to 50% by Mr. Telly Wong and 50% by Mr. Ling
"**Epro Exchange Completion**"	completion of the exchange of the Epro Exchangeable Loan into Shares as contemplated under the Epro Exchangeable Loan Agreement
"**Epro Exchangeable Loan**"	the exchangeable loan provided by Epro Capital to AMS pursuant to the Epro Exchangeable Loan Agreement
"**Epro Exchangeable Loan Agreement**"	the exchangeable loan agreement (as supplemented by a supplemental agreement dated 16 February 2016) dated 4 December 2015 entered into between Epro Capital, as lender, and AMS, as borrower, pursuant to which Epro Capital agreed to make available a loan in the sum of US$1.0 million to AMS, detailed terms of which are described in the paragraph headed "[REDACTED] investments" under the section headed "History, Reorganisation and Corporate Structure" in this document

"Epro Group"	Epro Group International Limited, being a company incorporated in Hong Kong with limited liability, and the beneficial owner of the entire issued share capital of Epro Capital
"**Exchangeable Loans**"	collectively, the Epro Exchangeable Loan and the Joung Exchangeable Loan
"**Frost & Sullivan**"	Frost & Sullivan, an industry expert engaged by our Company to prepare the Frost & Sullivan Report and an independent third party
"**Frost & Sullivan Report**"	an industry report prepared by Frost & Sullivan which was commissioned by us in relation to, among other things, the system integration industry in Korea
"**Future Data (HK)**"	Future Data Limited, a company incorporated in Hong Kong with limited liability on 14 October 2015 and wholly-owned by SuperChips. It is a wholly-owned subsidiary of our Company
"**GEM**"	the Growth Enterprise Market of the Stock Exchange
"**GEM Listing Rules**"	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
"**GDP**"	gross domestic product
"**Global Telecom**"	Global Telecom Co., Ltd. (formerly known as "Purun Net Co., Ltd."), a company incorporated in Korea with limited liability on 21 March 1997 and wholly-owned by SuperChips. It is a wholly-owned subsidiary of our Company
"**[REDACTED]**"	[REDACTED]
"**Group**", "**we**", "**our**" or "**us**"	our Company and our subsidiaries or, where the context so requires in respect of the period before our Company became the holding company of our existing subsidiaries, such subsidiaries as if they were our Company's subsidiaries at that time

"**HK$**"	Hong Kong dollars, the lawful currency of Hong Kong
"**HKFRSs**"	Hong Kong Financial Reporting Standards
"**HKSCC**"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**HKSCC Nominees**"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"**Hong Kong**"	the Hong Kong Special Administrative Region of the People's Republic of China
"**[REDACTED]**"	[REDACTED]
"**independent third party(ies)**"	individual(s) or company(ies) who is/are not connected person(s) of our Company
"**IT**"	information technology
"**[REDACTED]**"	[REDACTED]
"**Joung Exchange Completion**"	completion of the exchange of the Joung Exchangeable Loan into Shares as contemplated under the Joung Exchangeable Loan Agreement
"**Joung Exchangeable Loan**"	the exchangeable loan provided by Mr. Joung to AMS pursuant to the Joung Exchangeable Loan Agreement
"**Joung Exchangeable Loan Agreement**"	the exchangeable loan agreement dated 16 February 2016 entered into between Mr. Joung, as lender, and AMS, as borrower, pursuant to which Mr. Joung agreed to make available a loan in the sum of US$359,834 (equivalent to approximately KRW 400 million) to AMS, detailed terms of which are described in the paragraph headed "[REDACTED] investments" under the section headed "History, Reorganisation and Corporate Structure" in this document
"**Korea**"	the Republic of Korea
"**Korean Legal Advisers**"	Shin & Kim, the legal advisers to our Company as to Korean Law
"**KRW**"	Korean Won, the lawful currency of Korea

"**Large-size Operator(s)**"	has the meaning ascribed to it under the SIP Act, details of which are set forth in the paragraph headed "Regulations on Business Regarding Government Projects — SIP Act" under the section headed "Regulatory Overview" in this document
"**Latest Practicable Date**"	21 June 2016, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document prior to its publication
"**LiquidTech**"	LiquidTech Limited, a company incorporated in BVI with limited liability on 11 November 2015, a Controlling Shareholder and wholly-owned by AMS
"**[REDACTED]**"	[REDACTED]
"**[REDACTED] Division**"	the [REDACTED] department of the Stock Exchange
"**[REDACTED] Event**"	the grant of the conditional approval for the [REDACTED] by the [REDACTED] Division, as evidenced by a [REDACTED] approval letter to be issued by the [REDACTED] Division to the Company
"**Malaysian Legal Advisers**"	Ben & Partners, the legal advisers to our Company as to Malaysian law
"**Memorandum**" or "**Memorandum of Association**"	the memorandum of association of our Company, as amended from time to time, a summary of which is set out in Appendix III to this document
"**Merry Silver**"	Merry Silver Limited, being a company incorporated in BVI with limited liability, and the beneficial owner of the entire issued share capital of Epro Group
"**Mr. JE Lee**"	Mr. Lee Je Eun, being the holder of approximately 3.40% of the issued shares of AMS
"**Mr. Joung**"	Mr. Joung Young Hyun, being one of the [REDACTED] Investors
"**Mr. Lee**"	Mr. Lee Seung Han, our executive Director and one of our Controlling Shareholders
"**Mr. Ling**"	Mr. Ling Chiu Yum, being the ultimate beneficial owner of 50% equity interest in Epro Capital

"**Ms. Marilyn Tang**"	Ms. Marilyn Tang, being the holder of approximately 2.35% of the issued shares of AMS, the spouse of Mr. Phung and one of our Controlling Shareholders
"**Mr. Park**"	Mr. Park Hyeoung Jin, our executive Director and one of our Controlling Shareholders
"**Mr. Phung**"	Mr. Phung Nhuong Giang, our executive Director, the spouse of Ms. Marilyn Tang and one of our Controlling Shareholders
"**Mr. Ryoo**"	Mr. Ryoo Seong Ryul, our executive Director and chief financial officer
"**Mr. SG Lee**"	Mr. Lee Sung Gue, being the holder of approximately 14.03% of the issued shares of AMS and a former director of Global Telecom between March 1998 and April 2010
"**Mr. Suh**"	Mr. Suh Seung Hyun, our executive Director and one of our Controlling Shareholders
"**Mr. Telly Wong**"	Mr. Wong Wai Hon Telly, being the ultimate beneficial owner of 50% equity interest in Epro Capital
"**[REDACTED]**"	[REDACTED]
"**[REDACTED]**"	[REDACTED]
"**[REDACTED]**"	[REDACTED]
"**PPS**"	Public Procurement Service of Korea
"**[REDACTED] Investors**"	collectively, Epro Capital and Mr. Joung, being [REDACTED] investors of our Company and each an independent third party

"**[REDACTED]**"	[REDACTED]
"**Reorganisation**"	the corporate reorganisation of our Group in preparation for the [REDACTED], details of which are set out in the paragraph headed "Reorganisation" under the section headed "History, Reorganisation and Corporate Structure" in this document
"**SFC**"	the Securities and Futures Commission of Hong Kong
"**SFO**"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"**Share Option Scheme**"	the share option scheme conditionally adopted by our Company on 21 June 2016, the principal terms of which are set out under the paragraph headed "D. Share Option Scheme" in Appendix IV to this document
"**Share(s)**"	share(s) of HK$0.01 each of our Company
"**Shareholder(s)**"	holder(s) of the Share(s)
"**Shenwan Hongyuan**" or "**Sole Sponsor**"	Shenwan Hongyuan Capital (H.K.) Limitd, a corporation licensed under the SFO to carry on types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities, being the sole sponsor, one of the [REDACTED], and one of the [REDACTED] of the [REDACTED]
"**Significant Shareholder(s)**"	has the meaning ascribed to it under the GEM Listing Rules and, for the purpose of this document, refers to those individuals and corporations referred to in the paragraph headed "Significant Shareholders" under the section headed "Substantial Shareholders and Significant Shareholders" in this document or, where the context so requires, any one of them
"**Singapore**"	the Republic of Singapore

"**SIP Act**"	Software Industry Promotion Act of Korea, details of which are set forth in the paragraph headed "Regulations on Business Regarding Government Projects — SIP Act" under the section headed "Regulatory Overview" in this document
"**Small-and-medium-size Operator(s)**"	has the meaning ascribed to it under the SIP Act, details of which are set forth in the paragraph headed "Regulations on Business Regarding Government Projects — SIP Act" under the section headed "Regulatory Overview" in this document
"**sq. ft.**"	square feet
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**subsidiary(ies)**"	has the meaning ascribed to it under the GEM Listing Rules
"**Substantial Shareholder(s)**"	has the meaning ascribed to it under the GEM Listing Rules and, for the purpose of this document, refers to those individuals and corporations disclosed under the paragraph headed "Substantial Shareholders" under the section headed "Substantial Shareholders and Significant Shareholders" in this document or, where the context so requires, any one of them
"**SuperChips**"	SuperChips Limited, a company incorporated in BVI with limited liability on 14 January 2016 and wholly-owned by our Company. It is a wholly-owned subsidiary of our Company
"**Takeovers Code**"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"**Track Record Period**"	the two financial years of our Group ended 31 December 2014 and 2015
"**[REDACTED]**"	[REDACTED]

"**[REDACTED]**"	[REDACTED]
"**United States**" or "**U.S.**"	the United States of America
"**US$**" or "**USD**"	United States dollar, the lawful currency of the United States
"**VAT**"	value-added tax
"***%***"	per cent.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this document in connection with us and our business. These terms and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

"**backbone network**"	the part of computer network infrastructure that interconnects various pieces of network, providing a path for the exchange of information between different LANs or subnetworks
"**CCTV**"	closed-circuit television, a video surveillance network comprised of video cameras designed to capture and transmit video signals to a set of monitors
"**cloud-computing**"	a model for enabling ubiquitous, convenient, on-demand network access to a shared pool of configurable computing resources (e.g. networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction
"**fail-safe**"	a device that, in the event of a specific type of failure, responds in a way that will cause no harm, or at least a minimum of harm, to other devices or to personnel
"**Gbps**"	billions of bits per second, a measure of data transmission speed on a digital data transmission medium
"**IP**"	internet protocol, a set of rules for sending data across the internet
"**IP address**"	a device's address under the internet protocol
"**IPTV**"	internet protocol television, a system through which television services are delivered using the internet protocol over a network or the internet
"**ISO**"	the International Organisation for Standardisation, a non-government organisation based in Geneva of Switzerland for assessing the quality systems of business organisations
"**ISO 9001 :2008**"	a standard published by ISO that specifies requirements for a quality management system where an organisation needs to demonstrate its ability to consistently provide products that meet customer and applicable statutory and regulatory requirements
"**LAN**"	local area network, computer network that interconnects computers within a limited area

GLOSSARY OF TECHNICAL TERMS

"**network separation**"	the splitting of internal network space into segments, each with varying degree of access permission from the internet, to isolate and protect data stored in certain segments from external cyber security threats
"**network switch**"	computer networking device that connects together a computer network device that connects devices together on a computer network to receive, process and forward data to the destination device
"**source code**"	the computer programming language used for writing software programmes, which is ultimately translated into a machine code and read by a computer to execute the actions in which the software is designed to perform
"**VPN**"	virtual private network, a technology that creates an encrypted connection over a less secure network such as the internet
"**WLAN**"	wireless local area network, wireless computer network that links devices using a wireless connection method within a limited area

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements including, without limitation, words and expressions such as "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "plan", "seek", "will", "would" or similar words or statements, in particular, in the sections headed "Business", "Business Objectives and Future Plans" and "Financial Information" in this document in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These statements are based on various assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions including the risk factors described in this document and the following:

- our business and operating strategies and the various measures to implement such strategies;
- our dividend policy;
- our operations and business prospects, including development plans for its existing and new businesses;
- the future competitive environment for the industries in which we operate;
- the regulatory environment as well as the general industry outlook for the industries in which we operate;
- future developments in the industries in which we operate;
- the effects of the global financial markets and economic crisis; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations and the GEM Listing Rules, we do not have any obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward looking events and circumstances discussed in this document might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" in this document. In this document, unless otherwise stated, statements of or references to our intentions or those of any of our Directors are made as at the date of this document. Any such intentions may change in light of future developments.

Prospective investors should consider carefully all the information set out in this document and, in particular, should consider and evaluate the following risks associated with an investment in our Company before making any investment decision in relation to our Company. Our business, financial conditions and results of operations could be adversely affected by the materialisation of any of the following risks. Trading prices of the Shares could decline due to any of the following risks, and you may lose part or all of your investment.

RISKS RELATING TO OUR BUSINESS

Our integrated systems are provided on a project basis. Such projects are not recurring in nature and our future business depends on our continuing success in securing contracts

For each of the two years ended 31 December 2015, approximately HK$395.4 million and HK$439.7 million of our revenue was generated from our system integration projects, representing approximately 89.5% and 85.3% of our total revenue, respectively. Our Directors believe that the competition in the system integration industry is intense and our ability to secure contracts is one of the critical factors that is important to our success. Our success requires us to maintain good relationships with our existing customers and to develop new relationship with potential customers. Our integrated systems are provided on a project basis and our customers may subsequently engage us in enhancement works or conducting upgrades for the systems integrated by us in previous projects. Our customers may also engage us to integrate new systems after the retirement of outdated systems. However, there is no assurance that the customers will continue to provide us with the new businesses after completion of our projects. In the event that we are unable to succeed in securing existing customers and obtaining sufficient number of recurring and/or new system integration contracts, our competitive advantage may be weakened.

Our historical growth may not be indicative of our future growth

We experienced growth in our revenue during the Track Record Period. For each of the two years ended 31 December 2015, our revenue amounted to approximately HK$441.8 million and HK$515.7 million, respectively, representing an increase of approximately 16.7%. Such increase was mainly due to increase in the business volume of our Group as a result of the increase in demand for system integration and maintenance service in Korea. Our historical growth rate should not be considered to be indicative of our future performance. Prospective investors should instead consider our prospects in light of the risks and uncertainties which are commonly experienced in the evolving system integration industry, regarding our ability to:

(a) manage our growing size and expanding business, control costs, establish and maintain sufficient internal controls, attract and retain talented employees and maintain our corporate identity;

(b) continue to offer high-quality integrated systems to the market;

(c) upgrade our technology and infrastructure to support increased demand for integrated systems; and

(d) anticipate and adapt to changing industry trends, including increased competition.

Addressing the above risks and uncertainties requires significant capital expenditure and allocation of management and employee resources. Our failure to address any of the above risks and uncertainties successfully may result in our revenues and profit margins declining.

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

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

Our business operation depends on the expertise and continuing performance of our key executives and personnel and may be adversely affected if we fail to retain them or find suitable replacements

Our success is attributed to the leadership and contributions of our management team comprising Mr. Suh, being the chairman of our Board and our executive Director, Mr. Lee, being our chief executive officer and our executive Director, Mr. Phung, Mr. Ryoo and Mr. Park, being our executive Directors, and the rest of our senior management personnel, 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. 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 technicians with knowledge in the system integration industry 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 technician could adversely interrupt our business if we are unable to recruit the replacement personnel with equivalent qualifications and experience in a timely manner.

We rely on a single geographical market and any adverse economic, social and/or political conditions affecting the market may adversely affect our business

We rely on our operations in Seoul for the vast majority of our revenue and profits. As such, our Group's revenue and results of operations are substantially dependent on the market of Seoul. Developments in Seoul and any of its neighbouring regions regarding economic and political development, changes in the government's regulations on system integration industry, social unrest or upheavals, or outbreak of any severe contagious diseases or pandemic within Seoul, or any neighbouring regions, may have a significant adverse impact on the system integration industry in Seoul. As a result, our business, results of operation and financial condition may be adversely affected.

Our financial performance for the year ending 31 December 2016 will be adversely affected by the non-recurring [REDACTED] expenses

Based on the [REDACTED] of HK$[REDACTED] per [REDACTED], the estimated total [REDACTED] expenses are approximately HK$[REDACTED] million, of which approximately: (i) HK$[REDACTED] million is directly attributable to the issue of [REDACTED] in the [REDACTED] and will be accounted for as a deduction from equity upon [REDACTED]; and (ii) HK$[REDACTED] million is chargeable as operating expenses to our profit and loss accounts for the year ended 31 December 2015 and 2016. Out of this amount, approximately HK$[REDACTED] million had been charged to our profit and loss account for the year ended 31 December 2015. The remaining amount of approximately HK$[REDACTED] million is expected to be charged to our profit and loss account for the year ending 31 December 2016. The actual amounts to be recognised to the profit and loss of our Group or to be capitalised are subject to adjustments based on audit and changes in variables and assumptions. In the circumstances, our financial results for the year ending 31 December 2016 will be adversely affected by the non-recurring [REDACTED] expenses described above, and may not be comparable to the financial performance of our Group in the past.

We engage sub-contractors to carry out some of the tasks in our operations cycle. The non-performance, sub-standard or delayed performance of these sub-contractors may adversely affect our Group's operation

During the Track Record Period, we engaged subcontractors to carry out some construction works and/or ancillary hardware installation work, or to serve some of our customers outside of Seoul. For the two years ended 31 December 2015, we incurred subcontracting costs amounting to approximately HK$79.0 million and HK$38.1 million, representing 20.8% and 8.6% of our cost of sales, respectively.

Outsourcing exposes us to risks associated with non-performance, delayed performance or sub-standard performance by our subcontractors. As a result, we may experience deterioration in the quality or delivery of our works, incur additional costs due to the delays, or be subject to liability under the relevant contracts. Such events could impact our profitability, financial performance and reputation, and result in litigation or claims.

In addition, if our subcontractors fail to implement efficient safety management system or policy and are in breach of any rules and regulations in relation to health and safety matters, it may expose our Group to prosecutions and/or liable 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 foreign exchange risks

We are exposed to foreign exchange risks, as there is a currency difference between our revenue receipts (which are denominated in KRW) and some of our payments for purchases (which are denominated in USD). In our system integration business, we need to purchase components from overseas suppliers from time to time and settle the purchases in USD. During the Track Record Period, our purchases which were settled in USD amounted to US$6.0 million and US$7.0 million, accounting for approximately 16.7% and 14.5% of our total purchases respectively.

In preparing the costing of our system integration project in which procurement of components in USD is required, we would add on a margin of 7% to the relevant cost items of the project as a cushion to safeguard against any unfavourable foreign exchange movement in KRW against USD between the costing date and the relevant settlement date. In view of the relatively limited size of each individual USD denominated purchase transaction, we do not find it, on a cost and benefit analysis, justifiable to enter into foreign exchange hedging transaction for each of such purchases, and as a result, we decided the timing of purchasing USD to settle such purchases at our discretion. The foreign exchange losses we recorded amounted to HK$471,000 and HK$402,000, respectively during the Track Record Period. However, any unexpected and significant exchange rate fluctuations may nonetheless adversely affect the financial position of our Group.

We may encounter delays and cost overruns in our system integration projects, which may materially and adversely affect our business, financial position and results of operation

We generally provide integrated systems on a project basis. We have to estimate the time and costs needed to complete these projects in order to determine the quotations. There is no assurance that the actual time taken and cost involved in our system integration projects would not exceed our estimation.

The actual time taken by us in completing system integration projects may be affected by many factors, including technical difficulties and other unforeseeable problems and circumstances. Any one of these factors can cause delays in the completion of project. Most of our system integration projects are also subject to specific completion schedules and some of our customers are entitled to claim delay penalty from us if we do not meet the schedules. Besides the estimation of time required to complete a project, we also need to estimate the costs involved in a project in order to determine the tender price or quotation. The actual costs incurred in completing a project may be affected by factors such as unforeseen technical difficulties and unexpected delays, which may cause increases in labour hours and result in deviation in the actual time and resources spent from the initial estimation.

Failure to meet the schedule requirements of our contracts may result in a significant number of delay penalty claims, other contract liabilities and disputes with the customers or even the termination of relevant contracts and failure to estimate the project costs accurately may result in cost overruns. Should such problems occur, our business, financial position and results of operations would be materially and adversely affected.

Our profit margin depends on the terms of the contract with our customers and our projects may have thin profit margins

During the Track Record Period, the majority of our total revenue was derived from project-based system integration works. Our profit margin depends significantly on factors such as the terms of the system integration contracts, the length of the contractual period and the efficiency of project implementation. Further, owing to the fierce competition we may face during the tendering process, we may have to price our services with a lower profit margin in order to stay competitive. As such, there can be no assurance that the profitability of a project can be maintained or estimated at any particular level.

We are exposed to initial cash outflow in early stage of sizeable system integration projects, which may adversely affect our corresponding liquidity position

We are exposed to initial cash outflow in the early stage of sizeable system integration projects, as there may be a need to make payment for various hardware and software components before receiving customers' payments. As such, in the event that we take up too many sizeable system integration projects during a particular period of time, we may record significant initial cash outflow which may adversely affect our liquidity position.

We cannot be certain that our business operations do not or will not infringe any intellectual property rights held by third parties and any leakage or misappropriation of confidential information handled by us could have an adverse effect on our reputation and business operations

We may in the future be subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. If we are found to have violated the intellectual property rights of others, we may be prohibited from using such intellectual property, and we may incur royalty or licensing fees. In addition, we may incur substantial expenses in defending against and investigating these third party infringement claims or divert significant management and staff resources, regardless of their merits. Any successful infringement or licensing claims against us may result in substantial monetary liabilities and prevent us from using important technologies, which may materially disrupt the continuity of our business and the stability of our financial situation.

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

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

Our business objectives as set out in this document are based on our existing plans and intentions. However, the objectives are based on prevailing circumstances and the development trend of the system integration industry currently known to our Directors. We intend to expand our existing business in accordance with the objectives. There is no assurance that we will successfully implement our strategies or that our strategies, even if implemented, will result in us achieving our objectives. Our business, operating results and financial position may be affected if our business objectives are not achieved.

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

The Product Liability Act stipulates that a manufacturer shall compensate for damages to the life, body or property of a person caused by a defect of a product (excluding damages inflicted only to the relevant product). Under this Act, integrated system provider would qualify as a manufacturer if it engages in the business of processing of server, network, back-up system, other information and communication devices and security devices which applies to the case of our Group. If any damage to the life, body or property of a person is caused by a defect of a product during our engagement as a manufacturer and we are unable to be exempted from the liability under the Product Liability Act, we may be responsible for such damages and our business, financial results and profitability may be adversely affected.

Our Group generally does not take out any insurance to cover risks associated with our service contracts. However, the insurance policies we take out may not fully cover all risks involved in the relevant projects, if any material losses, damages or liabilities fall outside the scope and/or limit of the insurance coverage, we may be responsible for such damages or losses, which will adversely affect our financial results. As advised by our Directors and our Korean Legal Adviser, it is neither the general industry practice nor mandatory under the laws of Korea to take out such insurance. Should any of our customers make a claim against us for loss suffered due to defective products, our reputation, profitability and business would be adversely affected.

Although no legal claims or pending litigation proceedings against us in connection with our products were brought to our attention during the Track Record Period and up to the Latest Practicable Date, there can be no assurance that there will not be such product liability claim in the future. A significant product liability claim may result in our incurring substantial costs and the diversion of resources. This could have an adverse effect on our results of operations and financial condition.

RISKS RELATING TO CONDUCTING BUSINESS IN KOREA

Changes in the existing policies of the Korean government authorities in relation to the system integration industry may affect our business operations and financial position

As particularised in the section headed "Regulatory Overview" in this document, we currently benefit from certain favourable government policies and regulations in relation to the system integration industry. However, there is no guarantee that these policies and regulations will not be abolished or amended in a way that is unfavourable to our business. If such risks materialise, our business, financial position and results of operations may be materially and adversely affected.

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

Our business operation in Korea is subject to economic, political and social developments in Korea. Any unfavourable changes of political, economic or social conditions may lead to social instability or uncertainty and adversely affect the economic and trading activities in Korea. This may in turn affect demand for our Group's products and services, resulting in deteriorated financial performance of our Group. Adverse changes of political, economic and social conditions in Korea may cause delays in public tender awarding process of government and decrease in the government procurement, which may in turn adversely affect our business, financial condition and results of operation.

Escalations in tension between Korea and North Korea could have an adverse effect on our Company and the market value of the Shares

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon and long-range missile programmes as well as its hostile military actions against Korea.

There is no assurance that such developments will not further aggravate social and political tensions within North Korea. There can be no assurance that the level of tension on the Korean peninsula will not escalate in the future. Any further increase in tension resulting from, for example, leadership crisis in North Korea, break down of high-level contacts between Korea and North Korea, or military hostilities could have a material adverse effect on our Company and the market value of the Shares.

RISKS RELATING TO OUR INDUSTRY

We are in the highly competitive system integration industry and may not be able to compete successfully which could reduce our market share and adversely affect our financial performance

The markets for system integration and maintenance service are highly competitive. There is a large supply of integrated systems in the market that are similar to those offered by us. We compete with Korean and international service providers. There are numerous companies that specialise in the provision of integrated systems in Korea. Our Group competes primarily with our competitors or potential competitors for quality system integration and maintenance service. The system integration industry in Korea is rapidly evolving. For large scale system integration projects, our Directors believe that the barriers of entry are relatively high as they generally require sophisticated technical know-how and extensive development experience. However, we may have to compete with internationally renowned integrated systems providers for these projects. Competition can be increasingly intense and is expected to increase significantly in the future. Increased competition may result in price reductions, reduced margins and loss of our market share.

Our Group's existing competitors may in the future achieve greater market acceptance and recognition and gain a greater market share. It is also possible that potential competitors may emerge and acquire a significant market share. If existing or potential competitors develop or offer services with better performance, or price, or other advantages over those offered by us, our business, results of operations and financial conditions would be negatively affected.

Our existing and potential competitors may enjoy competitive advantages over us, such as longer operating history, greater name recognition, larger customer base and significantly greater financial, technical and marketing resources. We may not be able to compete successfully. If we fail to compete successfully, we could lose customers. Increasing competition could result in pricing pressure and loss of our market share, either of which could have a material adverse effect on our financial conditions and results of operations.

RISK RELATING TO THE [REDACTED] AND THE SHARES

There has been no prior public market for the Shares, thus an active or liquid trading market for the Shares may not develop and the trading price of the Shares may be volatile

The Shares have not been listed or quoted on any stock exchange or open market before completion of the [REDACTED]. There is no assurance that there will be an active trading market for the Shares on the Stock Exchange upon the [REDACTED]. In addition, the market price of the Shares to be traded on the Stock Exchange may differ from the [REDACTED] and prospective investors should not treat the [REDACTED] as an indicator of the market price of the Shares to be traded on the Stock Exchange.

Upon the [REDACTED], the trading volume and the market price of the Shares may be affected or influenced by a number of factors from time to time, including but not limited to, our revenue, profit and cash flow, our new products, our investment, changes in our management and general economic condition. There is no assurance that such factors will not occur and it is difficult to quantify their impact on the trading volume and the market price of the Shares.

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

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

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

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

There may be limited liquidity in our Shares and volatility in the price of our Shares on GEM and could result in substantial loss for investors purchasing our Shares in the [REDACTED]

Our Shares have not been traded in an open market before completion of the [REDACTED]. The [REDACTED] may not serve as an indicator of the price of our Shares traded on GEM in the future. The [REDACTED] Price is the result of negotiations between us and the [REDACTED] (for themselves and on behalf of the [REDACTED]), and may be different from the market prices for our Shares after the [REDACTED]. There is no assurance that an active and liquid public trading market of our Shares will develop upon the [REDACTED] or if it does develop, that it may be sustained for any period of time after the [REDACTED]. The market price and trading volume of our Shares may fluctuate significantly and rapidly as a result of the following factors, among other things, some of which are beyond our control:

- variation in our results of operation;
- technology advancements;
- changes in securities analysts' analysis of our financial performance;
- our announcement of significant acquisitions, dispositions, strategic alliances or joint ventures;
- addition or departure of our key personnel;
- fluctuations in market prices and trading volume of our Shares;
- our involvement in litigation;
- development of GEM; and
- general economic and stock market conditions in Hong Kong.

All such factors may result in significant fluctuations in the market price and/or transaction volume of our Shares. There is no assurance that such changes will not occur.

Issue of new Shares under the Share Option Scheme 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 [REDACTED]. 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 [REDACTED] 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 [REDACTED], 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 principal operating subsidiary in Korea, namely Global Telecom, declared a dividend equivalent to approximately HK$15.3 million out of its distributable profits in the year ended 31 December 2014. However, 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 paragraph headed "Dividends and Dividend Policy" under the section headed "Financial Information" in this document. We cannot guarantee if and when dividends will be paid in the future.

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 Korean rules regarding withholding tax on dividends

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

In addition, dividend paid by Global Telecom are subject to a withholding tax in Korea of 22%. Any upward increase in the withholding tax rate would reduce the amount of dividends to be received from Global Telecom, which in turn would reduce the amount of dividends distributable by our Company.

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

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

This document 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 [REDACTED], the [REDACTED], or any of their respective directors, affiliates or advisers or any other party involved in the [REDACTED] and no representation is given as to their accuracy and completeness. Due to possible flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics from official government publications referred to or contained in this document 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 document are subject to risks and uncertainties

This document 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, 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 document 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 document 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 reports regarding us, our industry or the [REDACTED]

There may be press articles, media coverage and/or research analyst reports regarding us, our industry or the [REDACTED], which may include certain financial information, financial projections and other information about us that do not appear in this document. We have not authorised the disclosure of any such information in the press, media or research analyst reports. We do not accept any responsibility for any such press articles, media coverage or research analyst reports or the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this document is inconsistent or conflicts with the information contained in this document, 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 document.

WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

Our Company has sought the following waiver from strict compliance with Rule 12.11 of the GEM Listing Rules.

DEALINGS IN THE SHARES PRIOR TO [REDACTED]

Pursuant to Rule 12.11 of the GEM Listing Rules, there must be no dealing in the securities for which [REDACTED] is sought by any core connected person of the issuer during the period from the time of submission of the application for [REDACTED] until the [REDACTED] is granted.

Our Group received investments from the [REDACTED] Investors by way of Exchangeable Loans. For details of the investments by the [REDACTED] Investors, please see the paragraph headed "[REDACTED] investments" under the section headed "History, Reorganisation and Corporate Structure" in this document.

Pursuant to each of the Epro Exchangeable Loan and the Joung Exchangeable Loan and as part of the Reorganisation, upon the occurrence of the [REDACTED] Event, the principal amount of the respective Exchangeable Loans shall be automatically and mandatorily exchanged into [REDACTED] Shares and [REDACTED] Shares, respectively, and that AMS shall be bound to transfer or procure LiquidTech (both being our Controlling Shareholders) to transfer the relevant number of Shares held by it to Epro Capital and Mr. Joung, respectively before the [REDACTED].

For the reasons set forth below, we have applied to the Stock Exchange for and obtained a waiver from strict compliance with Rule 12.11 of the GEM Listing Rules solely with respect to any dealing in Shares by AMS and LiquidTech, being our Controlling Shareholders, to effect the aforementioned Exchangeable Loans:

(a) the exchange of the Exchangeable Loans into Shares upon the occurrence of the [REDACTED] Event is part of the Reorganisation steps and is procedural to facilitate the realisation of the value of the investments of the [REDACTED] Investors in the Group in accordance with the respective exchangeable loan agreements;

(b) the exchange of the Exchangeable Loans into Shares will occur upon the occurrence of the [REDACTED] Event and does not require any additional consideration to be paid by any of the [REDACTED] Investors; and

(c) the material terms of the respective exchangeable loan agreements are disclosed in the paragraph headed "[REDACTED] investments" under the section headed "History, Reorganisation and Corporate Structure" in this document, which provide sufficient information of such [REDACTED] investments to enable potential investors to make an informed assessment of the Company.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Suh Seung Hyun (徐承鉉)	Shindonga Apartment 703-1406, 19 Manyang-ro, Dongjak-gu Seoul Korea	Korean
Mr. Phung Nhuong Giang (馮潤江)	House 130, Tanjong Rhu Road #06-20 Pebble Bay Singapore 436918	Australian
Mr. Lee Seung Han (李承翰)	Misung Apartment 3-1410 17 Apgujeong-ro 11-gil Gangnam-gu Seoul Korea	Korean
Mr. Ryoo Seong Ryul (柳晟烈)	Gongjak Apartment 205-1205 153 Daran-ro, Dongan-gu Anyang-si, Gyeonggi-do Korea	Korean
Mr. Park Hyeoung Jin (朴炯進)	Gwanak Apartment 124-604 20 Hagui-ro Dongan-gu Anyang-si Gyeonggi-do Seoul Korea	Korean
Independent non-executive Directors		
Mr. Ho, Kam Shing Peter (何金城)	Flat 25B, Tower 3, Les Saisons No. 28 Tai On Street Sai Wan Ho Hong Kong	Canadian
Mr. Ngan Chi Keung (顏志強)	Flat 7, 22nd Floor, Block G Kam Ying Court Ma On Shan New Territories Hong Kong	Chinese
Mr. Wong Sik Kei (王錫基)	1st Floor, Block 12B Wah On Villa 138 San Wai Yuen Long New Territories Hong Kong	Chinese

For further information on the profile and background of our Directors, please refer to the section headed "Directors and Senior Management" in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	**Shenwan Hongyuan Capital (H.K.) Limited** Level 19 28 Hennessy Road Hong Kong
[REDACTED] and [REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
Legal advisers to our Company	*As to Hong Kong law:* **Michael Li & Co.** *Solicitors, Hong Kong* 19/F, Prosperity Tower 39 Queen's Road Central Central Hong Kong

	As to Korean law: **Shin & Kim** *Attorneys-at-law, Korea* 8/F, State Tower Namsan 100 Toegye-ro, Jung-gu Seoul, 04631 Korea *As to Malaysian law:* **Ben & Partners** *Advocates & Solicitors, Malaysia* No. 7-2, Level 2, Block D2 Dataran Prima Jalan PJU 1/39 47301 Petaling Jaya Selangor Darul Ehsan Malaysia *As to Cayman Islands law:* **Conyers Dill & Pearman** *Attorneys-at-law, Cayman Islands* Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Sole Sponsor, [REDACTED], [REDACTED] and the [REDACTED]	*As to Hong Kong law:* **Pang & Co. in association with Loeb & Loeb LLP** *Solicitors, Hong Kong* 21st Floor, CCB Tower 3 Connaught Road Central Hong Kong
Auditors and reporting accountants	**BDO Limited** *Certified Public Accountants* 25/F, Wing On Centre 111 Connaught Road Central Hong Kong
Compliance adviser	**Shenwan Hongyuan Capital (H.K.) Limited** Level 19 28 Hennessy Road Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Korea	14/F-15/F, Deokmyeong Building Samseong-dong 625, Teheran-ro Gangnam-gu Seoul Korea
Principal place of business in Hong Kong	19/F, Prosperity Tower 39 Queen's Road Central Central, Hong Kong
Company secretary	Ms. Ngai Kit Fong *Chartered Secretary, Hong Kong* Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorised representatives (for the purpose of the GEM Listing Rules)	Mr. Phung Nhuong Giang House 130, Tanjong Rhu Road #06-20 Pebble Bay Singapore 436918 Ms. Ngai Kit Fong *Chartered Secretary, Hong Kong* Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Compliance officer	Mr. Lee Seung Han Misung Apartment 3-1410 17 Apgujeong-ro 11-gil Gangnam-gu Seoul Korea
Audit committee	Mr. Ngan Chi Keung (Chairman) Mr. Ho, Kam Shing Peter Mr. Wong Sik Kei

Remuneration committee	Mr. Wong Sik Kei (Chairman) Mr. Ngan Chi Keung Mr. Ho, Kam Shing Peter
Nomination committee	Mr. Ho, Kam Shing Peter (Chairman) Mr. Ngan Chi Keung Mr. Wong Sik Kei
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Principal bank	Woori Bank 51, Sogong-ro Jung-gu Seoul, 04632 Korea
Company's website address	www.futuredatagroup.com (information contained in this website does not form part of this document)

Certain facts, statistics and data presented in this section and elsewhere in this document have been derived, in part, from various government official publications as well as the commissioned report from Frost & Sullivan, an independent third party. Whilst our Directors have taken all reasonable care to ensure that the relevant facts and statistics are accurately reproduced from these official government sources, such facts and statistics have not been independently verified by our Group, the Controlling Shareholders or any of its respective affiliates or advisers, nor by the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED] or any of their affiliates or advisers or any other party involved in the [REDACTED]. Our Directors have no reason to believe that such facts, statistics and data presented in this section is false or misleading or that any fact has been omitted that would render such facts, statistics and data false or misleading. In this section, other than the Frost & Sullivan Report, information regarding the relevant industries has been recited or extracted from certain articles, reports or publications, and their preparations were not commissioned or funded by our Group. Our Directors confirm that after taking reasonable care, there is no adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this section.

SOURCES OF INFORMATION

We commissioned Frost & Sullivan to conduct an analysis of and to report on the system integration market in Korea for the period from 2010 to 2020 at a fee of US$85,000. The information and analysis contained in the Frost & Sullivan Report was assessed independently by Frost & Sullivan which is not connected to our Group in any way. The payment of such amount was not conditional on our Group's successful [REDACTED] or on the results of the Frost & Sullivan Report.

Frost & Sullivan is an independent global consulting firm, which was founded in 1961 in New York. It offers industry research and market strategies and provides growth consulting and corporate training.

The information and statistics set forth in this section have been extracted from the Frost & Sullivan Report. We believe that such information facilitates an understanding of the relevant market for potential investors. The information contained in the Frost & Sullivan Report is derived by means of data and intelligence gathering methodology which consists of: (i) detailed primary research which involved discussing the status of the industry with certain leading industry participants; and (ii) secondary research which involved reviewing company reports, independent research reports and data based on its own research database.

Frost & Sullivan's market engineering forecasting methodology integrates several forecasting techniques with the market engineering measurement-based system. It relies on the expertise of the analyst team in integrating the critical market elements investigated during the research phase of the project. These elements include (i) expert-opinion forecasting methodology; (ii) integration of market drivers and restraints; (iii) integration with the market challenges; (iv) integration of the market engineering measurement trends; and (v) integration of econometric variables.

ASSUMPTIONS AND PARAMETERS USED IN THE FROST & SULLIVAN REPORT

In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan has adopted the assumption that the social, economic and political environment is likely to remain stable in the forecast period, which ensures the stable and healthy development of the Korea's system integration and maintenance service markets.

Our Directors and the Sole Sponsor, having considered the data and intelligence gathering methodology of Frost & Sullivan adopted in preparing the Frost & Sullivan Report, are satisfied that the above assumption is not misleading.

NO ADVERSE CHANGE IN MARKET INFORMATION

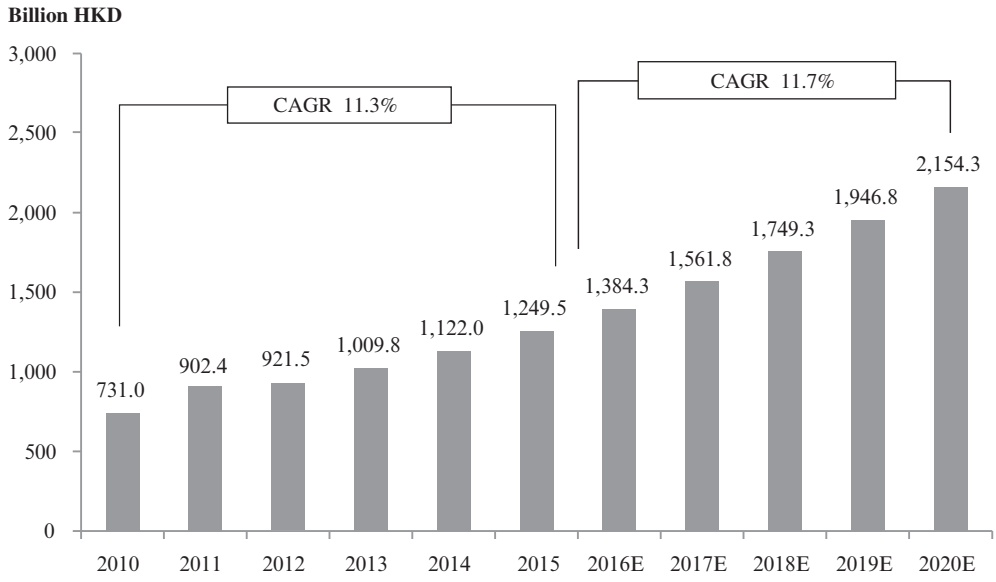
Our Directors confirm that, to the best of their knowledge, after taking reasonable care as at the date of this document, there is no material adverse change in the market information since the date of the Frost & Sullivan Report which may qualify, contradict or have an impact on the information in this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

OVERVIEW OF THE KOREAN SYSTEM INTEGRATION MARKET

The Korean economy has experienced a strong growth since 2010. From 2010 to 2015, the nominal GDP of Korea has increased from approximately HK$8.5 trillion to approximately HK$12.2 trillion, respectively, representing a CAGR of approximately 7.5%. It is expected that the nominal GDP will exceed HK$17.8 trillion, representing a CAGR of 7.6% from 2016 to 2020.

Within the whole economy, the Korean information and communications technology industry has been rapidly expanding since 2000s, due to reasons such as achievements in technological development and effective support from governmental policies. The chart below shows the share of information and communications technology industry in nominal GDP, which has witnessed increase from approximately HK$731.0 billion in 2010 to approximately HK$1,249.5 billion in 2015, representing a CAGR of approximately 11.3%. It is expected that the share of information and communications technology industry in nominal GDP in 2020 will achieve approximately HK$2,154.3 billion, representing a CAGR of approximately 11.7%.

Contribution of information and communication technology industry to the nominal GDP of Korea



Source: Frost & Sullivan

System integration

As a critical component of the information and communication technology industry in Korea, the system integration industry provides IT solutions to end-users through system design, hardware and software coordination, system configuration and operation maintenance. With unlimited combinations of hardware and software, integrated systems providers can offer solutions to end-users by integrating systems with different elements to suit their needs.

System integration industry has long been established in Korea since the 1970s. Integrated systems providers back then played a significant role in the integration of communication and media systems. Since 1990s, given the rise in personal computer ownership and technological breakthrough in the IT infrastructure development, system integrators started to offer sophisticated system solutions with various elements, for example network connectivity, accuracy, high speed, security, etc. In recent years, cloud technology has emerged and more customers are looking for systems with cloud computing elements to satisfy their needs in capturing and handling massive amount of data.

In the Korean system integration market, diversified system elements such as network connectivity, cloud computing and security have attracted much market attention due to their extensive application in different industries.

System elements

Network connectivity — Network connectivity refers to the process of combining various system components (including hardware and software such as network infrastructure and system software) into a completed, reliable and efficient network system. A stable network connectivity is important to ensure a smooth transfer of data back and forth.

Cloud computing — Cloud computing uses the internet and central remote servers to maintain data and applications. Cloud computing allows users to use applications without installation and access their personal files/data at any computer with internet access. This technology allows for much more efficient computing by centralizing data storage and processing. Given its inherent advantages and the wide spread use of internet amongst corporates and government bodies, there will be growing demands for cloud computing.

Security — Data security is of utmost importance in storage, transmission and retrieval. The degree of security needed mainly depends on the nature of the data involved, potential threats, likelihood of leakage and users' requests. Security tools consist of hardware and software components, such as CCTV surveillance and notification systems, data centre firewall, or other data intrusion detection and protection solutions.

Maintenance service

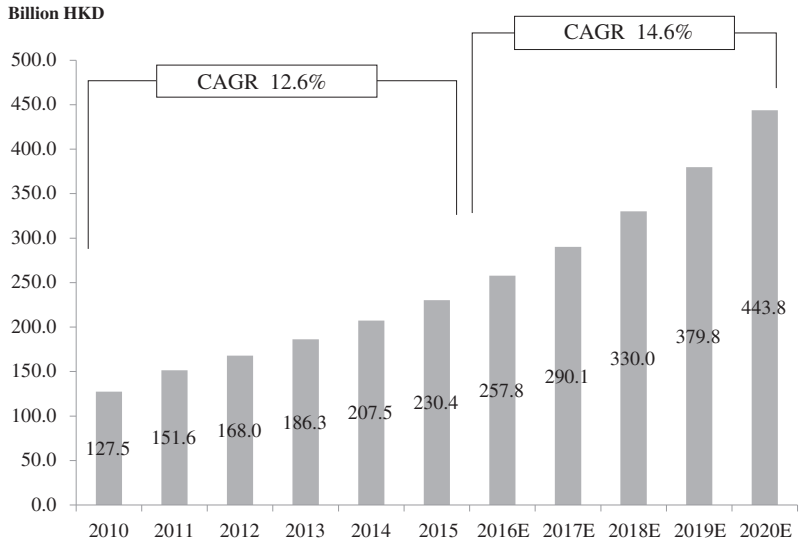
In the Korean system integration market, a certain warranty period is generally provided as part of the solution service. Maintenance service mainly includes keeping the system in good working order, identifying and resolving software errors and hardware defects, and upgrade services for customers' systems.

MARKET SIZE OF THE KOREAN SYSTEM INTEGRATION MARKET

Korean system integration market analysis

The system integration market in Korea has undergone sustained growth in recent years. In 2015, the total market size of Korea system integration market had reached HK$230.4 billion, representing a CAGR of 12.6% from 2010 to 2015. It is expected that the market value will grow up to HK$443.8 billion in 2020 with a CAGR of 14.6% from 2016 to 2020. The growing trend in the information and communication technology industry in Korea, combined with the expected increase in government spending in the information and communication technology industry from approximately HK$202.0 billion in 2015 to approximately HK$350.0 billion in 2020, these factors will greatly benefit the system integration market.

Market size of system integration market (Korea) in 2010-2020E

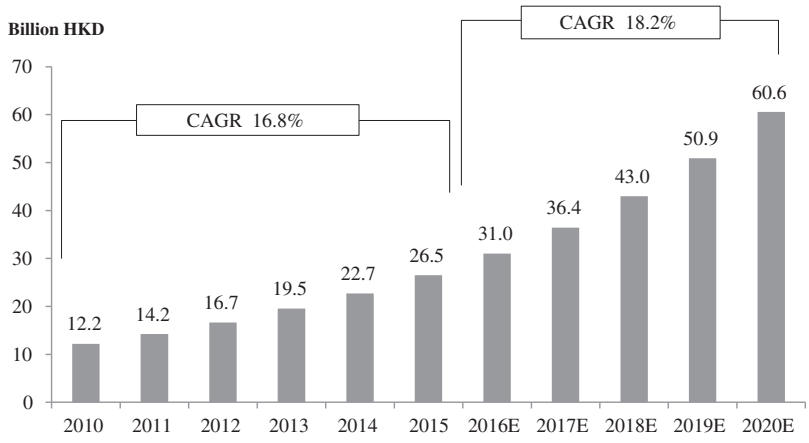


Source: Frost & Sullivan

Korean maintenance service market analysis

From 2010 to 2015, the market size of maintenance service in Korea had witnessed a stable growth from HK$12.2 billion to HK$26.5 billion, respectively, representing a CAGR of 16.8%. In the future, along with the booming market demand, it is expected that the market size will grow to HK$60.6 billion in 2020, representing a CAGR of 18.2% from 2016 to 2020. The growth in the size of the maintenance service market is mainly attributed to the growth in the size of the system integration market due to their complementary effect. The growing reliance on systems usage, in particular complex systems that involve state-of-the-art technology, would require extensive servicing to maintain a smooth and flawless operation. Given the increasing pace in technological breakthrough, the demand for maintenance service is expected to increase in the future.

Market size of maintenance service market (Korea) in 2010-2020E



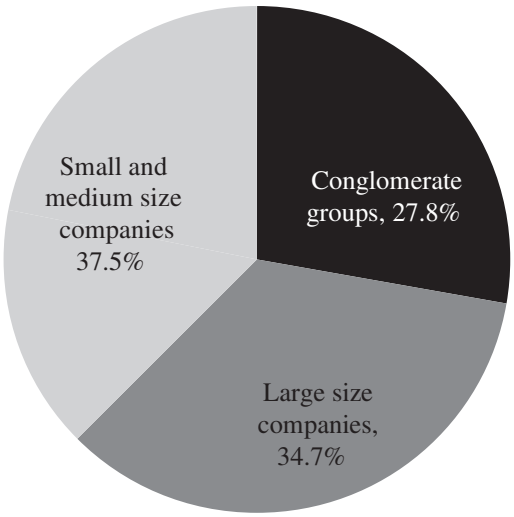
Source: Frost & Sullivan

COMPETITIVE LANDSCAPE OF THE KOREAN SYSTEM INTEGRATION INDUSTRY

Competitive landscape overview

The Korean system integration market is highly fragmented and competitive, with approximately 600 systems providers in 2015. Competition is expected to increase significantly in the future due to the rapid expansion of the system integration industry. In terms of company business scale, the whole market can be classified into three categories, namely conglomerate groups, large size companies and small and medium size companies.

Market share of system integration industry (Korea) in 2015



Source: Frost & Sullivan

Conglomerate groups

The conglomerate groups are companies with an annual revenue above KRW 800 billion (approximately HK$5.6 billion). Among the conglomerate groups, the majority are server and system vendors and network equipment vendors with worldwide coverage. In 2015, there were approximately 10 companies in this segment, and the market share of conglomerate groups in the whole system integration market was approximately 27.8%.

Large size companies

The large size companies are companies with an annual revenue ranged from KRW 100 billion to 800 billion (approximately HK$700 million to HK$5.6 billion), and are mainly consisted of leading Korean system integration companies. In 2015, there were around 30 companies in this segment, and the market share of large size companies in the whole system integration market was approximately 34.7%.

Small and medium size companies

Small and medium size companies are companies with an annual revenue below KRW 100 billion (approximately HK$700 million). Market leaders in this segment are Korean companies with deep understanding in the technical know-how and long established history in this industry. They are committed to provide complicated integrated systems with diverse elements to end-users, whereas small and start-up companies are usually involved in small projects only.

In 2015, there were approximately 550 companies in this segment, and the market share of this segment in the whole system integration market was approximately 37.5%. The following table sets forth the top five market players in the small and medium companies segment in 2015:

Rank	Small and middle size companies	Revenue *(approximately HK$ million)*	Share in small and medium size segment	Share in system integration industry
1	A Korean company focused in system integration, IT infrastructure, systems with management and operations elements	695.0	0.8%	0.3%
2	A Korean IT solution service provider focused in network integration services	621.5	0.7%	0.3%
3	A Korean company focused in systems with network connectivity and system consulting services	570.0	0.7%	0.2%
4	**Our Company**	**515.7**	**0.6%**	**0.2%**
5	A Korean company offering system integration, IT outsourcing and consulting services	465.0	0.5%	0.2%
			3.4%	1.2%

Governmental regulation for reshaping competitive landscape

The Korean government first introduced restriction to market players that were classified as Large-size Operators, or members or subsidiaries of conglomerate groups in 2004, banning such corporations from participating in any public entity software project below certain sizes pursuant to the SIP Act. The Korean government has set specific thresholds on the minimum project size that a Large-size Operator may participate in ever since, effective from 2012 the current contract size bans of below KRW 8 billion, below KRW 4 billion and below KRW 2 billion. However, effective from 2013, the Korean government imposed an additional limitation on large size companies in this industry by banning, regardless of project size, companies belonging to an enterprise group subject to limitations on mutual investment designated by the Monopoly Regulation and Fair Trade Act from participating in most public entity software projects.

Moreover, the Korean government has introduced provisions which may impose gift tax on the controlling individual shareholders of companies, which i) benefits from the transactions with specially related companies; or ii) benefits from the business opportunities provided by the specially related companies. Under Korean tax law, companies which belong to a conglomerate group are generally considered as specially related companies. Therefore, conglomerate groups may prefer to hire independent systems providers to provide integrated systems to prevent the possibility of being subjected to such gift tax.

Due to the restrictions on conglomerates and the imposition of gift tax, the above regulations are favourable to middle size companies in the system integration industry, and increase their bargaining power in competing with larger size companies in this industry.

MARKET GROWTH DRIVERS FOR THE KOREAN SYSTEM INTEGRATION INDUSTRY

The booming cloud computing technology and big data

In recent years, due to the advancement in technology and popularity in cloud-based services, there is strong demand for refined cloud computing model from both private and public sectors. Pursuant to the Korean Act on the Development of Cloud Computing and Protection of Its Users, public entities in Korea are required to use more of the cloud computing services hosted by private companies. As a result, there will be a strong growth in the system integration market, in particular for systems integrated with cloud computing elements.

Big data refers to a massive amount of data being generated at an unprecedented high speed from various sources, such as mobile applications and social media. The arrival of big data era has revolutionised the use of data, especially in business efficiency enhancement. Given the high degree of network connectedness and popularity of mobile services in Korea, customers who want to take advantage of the big data opportunity will need to invest in cloud computing systems to collect data from the internet for analysis, which creates a high demand for cloud computing technology and benefits the system integration market.

Rising security threats

A growing reliance on the internet and web applications across all industries has given rise to cyber attacks. In addition to the increasing cyber-attacks, the complexity of threats is evolving, with more advanced persistent threats ("**APTs**") being detected. Unlike traditional threats, APTs have the ability to affect an organisation's entire IT infrastructure and these attacks tend to target critical infrastructure, such as government departments, web servers, and customer databases. Hence, companies from many industries and governments adopt network security measures to better secure their network.

Due to the increase in cyber-attacks, organisations are implementing more network security measures to effectively monitor and improve their network security. The network protection can also be improved by implementing an integrated system loaded with security measures designed by service providers with core expertise in this field, leading to the growth of the system integration market in Korea.

Development of bring-your-own-device and mobile security solution

Bring-your-own-device refers to a strategy allowing employees, business partners and other users to utilise a personal device to execute enterprise applications and access data in order to enhance employee's productivity, efficiency and flexibility. Typically, it includes laptops, tablets, and smart phones. However, IT executives are challenged to support the significant increase in number of mobile devices used by the workforce with the necessary security level required.

The increased risks on personal and corporate data have created opportunities for the mobile security solution providers. Integrated systems providers that provide sophisticated mobile security systems will be benefited by this upward trend.

ENTRY BARRIERS OF THE KOREAN SYSTEM INTEGRATION MARKET

Strong technical knowledge

The ability of combining various system hardware and software components to produce a system with the desired capabilities given the cost budget is one of the most crucial elements in system integration market. In order to do so, the system integration providers have to have the full knowledge of the available system components in the market and their characteristics. More importantly, they need to have the experience and know-how in integrating and configuring the system to meet the users' requirements. Therefore, leading enterprises in the system integration market are more competitive against new comers in terms of technical know-how and product knowledge due to their rich experience and professional technical teams.

Well established track record

In awarding project contract to tender bidders, customers often place more emphasis on the experience of the bidder's technical team and the technical proposal than merely on the cost element. Bidders possessing with a strong record of successfully completed projects and having an engineering team with skills in software, system architecture, hardware engineering, and interface technologies would be much more preferred. It usually takes a long time to build the track record and to assemble a strong and capable system integration team. Furthermore, newcomers who do not have a strong franchise in the market would find it very difficult to attract talents.

Working capital requirement

The costs to start up business in the field of system integration include equipment investment, testing and product certification cost, engineer cost etc. Market participants would also require working capital to maintain their competitiveness, as upfront cost is usually required in purchasing hardware and software components to perform system integration before receiving invoice payments from customers. These combined costs are significant hurdles for start-up companies to enter the market.

CHALLENGES TO THE KOREA SYSTEM INTEGRATION INDUSTRY

The market threats and challenges faced by integrated systems providers in Korea include the potential leak or damage of sensitive data, which is due to system design flaw and insufficient security elements. It is also difficult to recruit talented engineers to cater the needs of system integration works, especially when technologies in this field are ever-evolving in a blistering rate. Leveraging our competitive strengths as discussed in the paragraph headed "Our competitive strength" under the section headed "Business" in this document, our Group managed not to be adversely affected by such market threats during the Track Record Period.

KOREAN LAWS AND REGULATIONS

This section sets out a summary of certain aspects of the Korean laws and regulations which are relevant to our Group's operations and business in Korea.

REGULATIONS ON BUSINESS IN GENERAL

As a data technology service provider in Korea, there is no general business licence requirement applicable to Global Telecom, other than the business registration which any service or product provider in Korea is required to file with the District Tax Office having jurisdiction over the place of business in accordance with the Value-Added Tax Act. Global Telecom completed its business registration on 29 March 1997. The following sets forth other relevant regulations on business in general:

Information and Communications Construction Business Act ("ICCB Act")

According to the ICCB Act, in order for a company to participate in construction that requires the installment and maintenance of information communications equipment, such company must be registered as an information and communications construction business operator. A company must meet the following requirements to be registered as an information and communications construction business contractor:

(i) have more than KRW 150 million (approximately HK$1.1 million) in total assets;

(ii) have an experienced or qualified information and communications engineer;

(iii) not be listed as an under-qualified party (as defined under the Act on Contracts to which the State is a Party and the Act on Contracts to which a Local Government is a Party) and be restricted from participating in bids involving contracts in which the government of Korea is a party; and

(iv) not be under suspension pursuant to the ICCB Act.

Fair Transactions in Subcontracting Act ("FTS Act")

The FTS Act provides that when a main contractor entrusts tasks to a subcontractor, such main contractor is prohibited from unfairly fixing a contract amount that is significantly lower than the market price; coercing the subcontractor to buy or use designated goods or services; rescinding the subcontracting agreement or refusing or returning goods without just cause; unfairly reducing the contract amount without just cause; or extorting economic benefit from the subcontractor without just cause.

In the event of violation of the FTS Act, the Korea Fair Trade Commission, which is the authorities in charge of FTS Act, may order the violating contractor to stop the violation or to take corrective measures and may impose an administrative fine of up to twice the subcontract amount. If the Korea Fair Trade Commission refers the violation to the prosecutor's office, the violating contractor may be subject to a criminal fine of up to twice the subcontract amount.

Product Liability Act ("PL Act")

The PL Act stipulates that a manufacturer shall compensate for damages to the life, body or property of a person caused by a defect of a product (excluding damages inflicted only to the relevant product). According to the PL Act, a "product" is defined as movables which are industrially manufactured or processed (including movables incorporated into other movables or immovables). A "defect" of a product is defined as, defects in regard to manufacturing, design or lack of safety ordinarily expected of a product. A manufacturer is (i) a person who is engaged in the business of manufacturing, processing, or importing of the products, or (ii) a person who is indicated that he or she is the person under (i) by putting its name, company's name, trademark or any other discernible sign on a product, or a person who made misleading indication that he or she is the person under (i). Integrated system provider qualifies as a manufacturer for the purpose of PL Act if it is engaged in the business of processing of server, network, back-up system, other information and communication devices and security devices.

However, a manufacturer, who is liable for such damages, shall be exempt from any liability for damages under the PL Act, if a manufacturer proves any of following facts including, (i) the manufacturer did not supply the product, (ii) the existence of the defect could not be identified by the state of scientific or technical knowledge of the time when the manufacturer supplied the product, (iii) the defect is attributable to the manufacturer who complied with the standard prescribed by any act or subordinate statute of the time when he/she supplied the product, or (iv) in the case of raw materials or components, that the defect is attributable to the design or the instruction on manufacturing by the manufacturer of the product made of the relevant raw materials or components.

Framework Act on Small and Medium Enterprises ("SME Framework Act")

In order to be qualified as a small and medium enterprise, the SME Framework Act requires the relevant company to meet the following requirements:

(i) the company's three year average revenue shall be equal to or less than KRW 100.0 billion (approximately HK$700.0 million) (in the business of electronic devices, computer, image, sound and communication devices);

(ii) the company shall have no more than KRW 500.0 billion (approximately HK$3.5 billion) in total assets; and

(iii) the company's largest shareholder (holding, directly or indirectly, more than 30% of the voting share capital, including foreign entity) shall not be an entity with total assets of more than KRW 500.0 billion (approximately HK$3.5 billion).

A small and medium enterprise is entitled to receive certain benefits (e.g. manpower support) under the SME Framework Act and it also may receive certain tax benefit provided under the Special Tax Treatment Control Law. In addition, it may have certain benefits in government project according to (i) the SIP Act and (ii) the Act on Facilitation of Purchase of Small and Medium Enterprise-Manufactured Products and Support for Development of Their Markets, the details of which are mentioned below.

REGULATIONS ON BUSINESS REGARDING GOVERNMENT PROJECTS

SIP Act

According to the SIP Act, a company that engages in software business may file an application with the Korea Software Industry Association to be recognised as a "software business operator". "Software" under the SIP Act refers to (i) a collection of instructions and commands (including audio or visual information, etc.) which enables equipment, such as computers, communications apparatuses, and automation equipment and peripheral equipment to command, control, input, data process, save, output and interact, and (ii) descriptions used to prepare the items under (i) above and other related data. Also, "software business" means the business related to the development, manufacture, production, distribution, etc. of software, services related thereto, and also the establishment, operation, etc. of the information system under the Electronic Government Act. While this application is not mandatory under the SIP Act, if a company is recognised as a "software business operator" under the SIP Act ("**Software Business Operator**"), such company will be qualified to participate in the bidding process for software related business projects hosted by certain public entities.

To protect small and medium software business operations, the SIP Act classifies certain Software Business Operators as "Large Software Business Operators" (defined as "Large-size Operators" in the context of this document) and restricts their participation in government projects under certain size. The tables below summarise the classification standards and restrictions in participation of public entities projects.

Global Telecom, our principal operating subsidiary, is classified as a Small-and-medium-size Operator with average total revenue of KRW 63.3 billion calculated based on the yearly average of the total revenue from 2013 to 2015, and total assets of KRW 33.4 billion as at 31 December 2015. Therefore, Global Telecom is not prohibited from participating in any public entities projects.

Classification standards:

Classification[Note 1]	Small-and-medium-size Operator	Large-size Operator - Type 1[Note 3]	Large-size Operator - Type 2	Large-size Operator - Type 3
Average total revenue[Note 2]	< KRW100 billion (approximately HK$700 million)	KRW100-800 billion (approximately HK$700 million - HK$5.6 billion)	KRW100-800 billion (approximately HK$700 million - HK$5.6 billion)	> KRW800 billion (approximately HK$5.6 billion)
Total asset	< KRW500 billion (approximately HK$3.5 billion)	N/A[Note 4]	N/A[Note 4]	N/A[Note 4]

Restrictions:

Classification / Project size[Note 5]	Small-and-medium-size Operator	Large-size Operator - Type 1	Large-size Operator - Type 2	Large-size Operator - Type 3
> KRW8 billion (approximately HK$56 million)	N/A	N/A	N/A	N/A
KRW4-8 billion (approximately HK$28-56 million)	N/A	N/A	N/A	Restricted
KRW2-4 billion (approximately HK$14-28 million)	N/A	N/A	Restricted	Restricted
< KRW2 billion (approximately HK$14 million)	N/A	Restricted[Note 6]	Restricted	Restricted

Notes:

1. To be classified as Large-size Operator, the amounts are calculated based on i) the total assets as of the last day of the immediately preceding fiscal year of KRW 500 billion (approximately HK$3.5 billion) or more; or ii) the average of the total revenue for each of the immediately preceding three fiscal years of KRW 100 billion (approximately HK$700 million) or more.

2. To determine whether a company can be classified as a Small-and-medium-size Operator, the revenue shall be calculated by the three year average revenue as explained in Note 1 above. However, once that company is classified as a Large-size Operator, the revenue shall be calculated within four months from the end of each fiscal year, by the total revenue of the fiscal year preceding the immediately preceding fiscal year, and thereafter by the total revenue of the immediately preceding fiscal year to determine where it falls from type 1 to type 3. The total revenue refers to the revenue as indicated in the income statement prepared in accordance with generally accepted accounting principles, standards and practices and includes any overseas revenues. On a separate note, within a group of companies where a particular company has actual control over another company (holding shares exceeding or equivalent to 50% of the total outstanding shares), revenues from such "controlling company" and "controlled company" will be combined for the purpose of determining each company's revenue. In this context, the controlling and the controlled companies only include Korean corporate entities.

3. Large-size Operator - Type 1 refers to company which satisfies as middle standing. A company will be deemed as middle standing as long as the total assets (calculated based on the total asset as of the last day of the immediately preceding fiscal year) of the controlling company is less than KRW 5 trillion (approximately HK$35 billion). The requirements for a middle standing company are defined by the Special Act on Promotion of Growth and Enhancement of Competitiveness of Enterprises of Middle Standing.

4. As noted in Note 1 above, a company can be classified as a Large-size Operator if either the revenue requirement or the asset requirement is met. In the table above, once the revenue requirement is met, whether the asset requirement (equal to or more than KRW 500 billion (approximately HK$3.5 billion)) is met or not is not relevant. And vice versa, once the asset requirement is met, whether the revenue requirement (equal to or more than KRW 100 billion (approximately HK$700 million)) is met or not is not relevant. Even when a company's three year average revenue is less than KRW 100 billion (approximately HK$700 million), such company can be classified as a Large-size Operator if the asset of such company already is equal to or more than KRW 500 billion (approximately HK$3.5 billion). In such case, as the revenue is less than KRW 800 billion (approximately HK$5.6 billion), it can be classified into either type 1 or type 2 as stated above.

5. The Minister of Science, Information and Communications Technology and Future Planning of Korea announces the public entity project threshold amounts pursuant to the SIP Act.

6. For the first three years when a Small-and-medium-size Operator expanded to a Large-size Operator — Type 1, the SME Framework Act provides that such company will continue to be deemed as a small and medium enterprise (i.e. there is no minimum project size limitation of such company). For the next five years, according to the Official Notice 2015-41 of the Ministry of Science, Information and Communication Technology and Future Planning of Korea, the minimum project size limitation of such Large-size Operator — Type 1 would be KRW 2 billion (approximately HK$14 million). Thus, if a company meets the requirement of a Large-size Operator — Type 1 for consecutive eight years, it will be reclassified as Large-size Operator — Type 2.

Act on Contracts to which the State is a Party ("CSP Act")

Government contracts for public sector work and information and communications construction work is regulated by the CSP Act. According to the CSP Act, where the relevant public agency intends to enter into a contract, it is in principle required to hold a competitive tender for the contract and undergo a pre-qualification process in order to assess the capabilities of the participants. Such pre-qualification review includes records of performance, technical capacity, financial standing, social reputation, and the (anticipated) level of commitment to the performance of a contract.

Also, the public agency shall require the tender participant to procure and submit a tender bond.

In a competitive bidding for contracts which impose burden on the national treasury, the winner will be determined in accordance with the following: (i) who has been recognised as being capable of performing the contract and bids the lowest price, (ii) whose bid is the most favorable to the government in accordance with the evaluation criteria set out in the tender notice or the tender guidance, or (iii) whose tender conforms to the criteria in the most satisfactory manner, by which such criteria are specially prescribed by the Enforcement Decree of the CSP Act.

Under the CSP Act, a contractor is restricted from participating in a government bidding for a minimum of one month to a maximum of two years if the contractor has committed an unlawful act in the course of contracting with the government, has violated the subcontracting provisions under the Electrical Construction Business Act, the ICCB Act, the SIP Act or other applicable laws, or was restricted by the Korea Fair Trade Commission from participation in a bid on the grounds of violation of the Monopoly Regulation and Fair Trade Act or the FTS Act.

In addition, under the CSP Act and the Bid Rules for Construction Work and the Bid Rules for Service thereunder, a collusive tendering, or any act which interferes with the participation in the competitive bidding of others, or with the execution of duties of the government officials, are deemed as "invalid bids." Any form of collusive tendering, and interfering with the participation of other parties in the competitive bidding, or with the execution of duties of the government officials which would be deemed invalid under the laws of Korea.

Also, a person who has agreed upon a tendered price in advance by having discussed among bidders or has committed a collusion for the purpose of successful tender by a specific person in the competitive tender shall be disqualified from participating in a bidding for a period between one month or more and two years or less as determined by the relevant central government agency. In certain cases, the relevant central government agency may impose a penalty surcharge in substitution for restrictions on qualification for participation in tendering procedures.

Monopoly Regulation and Fair Trade Act ("MRFT Act")

The MRFT Act is the basic law of Korea regarding fair transaction by prohibiting unfair collaborative acts, and prescribes that no enterprise shall agree with other enterprisers by contract, agreement, resolution, or by any other means, to jointly engage in an act which unfairly restricts fair competition. In case of an unfair collaborative act, the Korea Fair Trade Commission may order the parties which have committed such unfair collaborative act to discontinue such act, to disclose publicly the fact that the relevant enterpriser has been ordered to correct such collaborative act, or to take necessary corrective measures, and may charge penalty and imprisonment of not more than three years or a fine not exceeding KRW 200 million (approximately HK$1.4 million). Further, under the Criminal Code, a person who interferes with the impartial conduct of an auction or a bid through fraudulent means or by the threat of force or by other means may be punished by imprisonment of not more than two years or by a fine not exceeding KRW 7 million (approximately HK$49,000).

REGULATIONS ON INTELLECTUAL PROPERTY

Copyright related regulation

The Copyright Law protects copyright and explicitly covers computer software copyright. In Korea, software developed by Korean citizens, legal persons or other organisations is automatically protected immediately after its development, and does not require an application of approval, or fulfillment of any other formalities. Software copyright may be registered with the designated agency and if registered, the certificate of registration issued by the registration agency will be the preliminary evidence of the ownership of the copyright and other registered matters.

Trademark related regulation

The Trademark Law protect registered trademark. The Korean Intellectual Property Office is responsible for trademark registrations. Upon the registration of a trademark, the register will have the right to exclusively use the trademark.

A trademark is (a) any sign, letter, figure, 3-dimensional shape or the combination thereof or the combination of them and colors; (b) any color that is not combined with others, the combination of colors, any hologram, movement or other item that can be visually recognised; or (c) any item expressed realistically with a sign, letter, figure, or by any other visual means among items that cannot be recognised visually such as sounds and odors that is used by a person who produces, processes or sells goods for business purpose, in order to distinguish goods related to his or her business from those of another person.

A service mark means a mark used by a person who carries on service business for the purpose of distinguishing his/her service business from those of others.

The trademark and service mark have distinction from each other only in each purpose of registration (trademark for recognition of goods, and service mark for recognition of service business), and have the same requirements in the application, registration, examination process, and the duration under the Trademark Law. The duration of a trademark rights and service mark rights is ten years from the date of registration of the establishment, and may be renewed for a period of ten years upon the application for renewal of the duration.

Patent (invention, utility model, design) related regulation

Invention, utility model and designs in Korea are mainly protected under the Patent Act, Utility Model Act and Design Protection Act. They provide for three types of patents, "invention", "utility model" and "design", respectively. "Invention" refers to a sophisticated creation based on technological appropriation of natural laws; "utility model" refers to an idea about an industrial object's shape, structure or composition; "design" refers to an object's shape, structure and colour and the combination of such elements, which raises a sense of visual beauty. The term of a right for "invention" or "designs" last for 20 years, and the term, of a right for "utility model" last for ten years, from the date of registration.

Domain name related regulation

Internet domain name registration and related matters are primarily regulated by the Internet Address Resources Act. Domain name registrations are handled through domain name service agencies established under the relevant regulations and the applicants become domain name holders upon successful registration.

REGULATIONS ON LABOUR AND SOCIAL SECURITY

Labour Standards Act ("LS Act")

The LS Act is the primary legislation in Korea governing employee relations and sets out minimum requirements for working conditions at the workplace. In this regard, any term or provision of an individual employment agreement, the rules of employment which are made by employer or a collective bargaining agreement which fails to meet the minimum requirements under the LS Act is null and void. In addition to the LS Act, there are a few statutes which apply to specific labor-related matters.

According to the LS Act, (a) employers must execute written labor contracts with employees; (b) work hours shall not exceed 40 hours a week, eight hours a day (excluding hours of recess) in general, unless there is an agreement between the parties and overtime payment to employees; (c) employers shall not, without justifiable cause, dismiss, lay off, suspend, or transfer a worker, reduce wages, or take other punitive measures against employees; (d) employers shall establish its work safety and sanitation system and provide employees with workplace safety training; and (e) employers are required to pay salaries to employees on time and salaries paid to employees shall not be lower than the minimum salary standard of the Minimum Wage Act.

Other labour related regulation

The other main labour related laws in Korea include the Minimum Wage Act, the Wage Claim Guarantee Act, the Employee Retirement Benefit Security Act, the Act on Equal Employment and Support for Work-Family Reconciliation, the Act on the Promotion of Worker Participation and Cooperation and the Occupational Safety and Health Act.

In addition, in accordance with the National Health Insurance Act, the National Pension Act, the Employment Insurance Act and the Industrial Accident Compensation Insurance Act, employers are required to make contributions to four major social insurance (national health insurance, national pension, employment insurance and industrial accident compensation insurance, respectively).

REGULATIONS ON DIVIDEND DISTRIBUTION

The principal law regulating the dividend distribution by a company in Korea is the Commercial Code of Korea ("**Commercial Code**"). Under the Commercial Code, a company may pay annual dividends only if the company has the distributable profit. The amount of distributable profit is the amount equal to its net assets, minus the sum of (a) its stated capital; (b) the total amount of its capital surplus reserve and earned surplus reserve which have accumulated up to the end of the previous fiscal year; (c) its earned surplus required to be accumulated for the then current fiscal year; and (d) the net assets stated in its balance sheet as being increased as a result of the evaluation of its assets and liabilities in accordance with its accounting principles without being set off against any unrealised loss. A company's earned surplus required to be accumulated for the then current fiscal year, which is mentioned in (c) above, is the legal reserve, the amount of which is equal to 10% of the amount of the annual dividend. A company may not pay any dividend unless it has set aside as such legal reserve or unless it has accumulated a legal reserve of not less than one-half of its stated capital. A company may not use its legal reserve to pay cash dividends but may transfer amounts from its legal reserve to its capital stock or use its legal reserve to reduce an accumulated deficit.

A company may distribute annual dividends in cash or in newly issued shares, but dividends in newly issued shares may not exceed one-half of the annual dividends. Under the Commercial Code, in-kind distribution of dividends, other than cash or newly issued shares, are permitted if provided for in the articles of incorporation of the company. In principle, annual dividends, if any, must be approved at the annual general meeting of shareholders, which is held, in case of Global Telecom, within four months after the end of the fiscal year. The annual dividend is generally paid shortly thereafter to the shareholders as of the end of the preceding fiscal year. Under the Commercial Code,

the board of directors of a company, instead of shareholders, may approve annual dividends if permitted by its articles of incorporation. In addition, under the Commercial Code, a company has no obligation to pay any annual cash dividend unclaimed for five years from the payment date, at which time rights to such dividends lapse.

REGULATIONS RELATED TO TAX

Korean withholding tax on dividend income

Under the Korean tax law, in the absence of a tax treaty between Korea and the country in which the foreign company resides, Korean sourced dividend income earned by a foreign company, which does not have a permanent establishment in Korea, may be subject to Korean withholding tax at the rate of 22% (including local income tax) on the dividend amount. At present, Korea has no tax treaty with BVI.

Corporate income tax

A Korean company organised under Korean law or having its head office, principal place of business or place of effective management in Korea is subject to a corporate income tax based on its worldwide income in Korea. Taxable income for corporate income tax purpose is defined as revenue minus expenses incurred in the operation of the business. Expenses are generally deductible if they are incurred for business purpose of the company and they are properly documented. Corporate income tax rates (including local income tax) are 11% for the first KRW200 million (approximately HK$1.4 million), 22% for the taxable income from KRW200 million (approximately HK$1.4 million) to KRW20 billion (approximately HK$140 million) and 24.2% for any amount in excess thereof.

Tax benefit for R&D costs of a small and medium enterprise

The Special Tax Treatment Control Law provides certain tax incentives for a small and medium enterprise satisfying certain conditions. Under the Special Tax Treatment Control Law, if research and human resource development costs (the "R&D Costs") are incurred by a Korean company, such Korean company may credit the following amount against its corporate tax amount:

Tax Credit Amount = Greater of (i) 40% (50% for a small and medium enterprise) of the R&D Costs exceeding such R&D Costs for the immediately preceding fiscal year or (ii) 2% or 3% (25% for a small and medium enterprise) of the R&D Costs with certain exceptions.

Tax benefit for four major social insurance schemes for increased employees of small and medium enterprise

Under the Special Tax Treatment Control Law, if the number of employees in a small and medium enterprise increases compared to the number of employees as of the immediately preceding fiscal year, such small and medium enterprise may credit the following amount against its corporate tax amount:

Tax Credit Amount = 50% (100% for the youth employees) of the employer's portion of the four major social insurance schemes for the increased employees.

The four major social insurance schemes are (i) the national health insurance under the National Health Insurance Act, (ii) the national pension under the National Pension Act, (iii) the employment insurance under the Employment Insurance Act and (iv) the industrial accident compensation insurance under the Industrial Accident Compensation Insurance Act.

OUR BUSINESS HISTORY

Our Company was incorporated in the Cayman Islands on 4 January 2016 and became the holding company of our Group as part of the Reorganisation.

Our Group's history can be traced back to 1997 when our principal operating subsidiary, Global Telecom, was incorporated in Korea. Global Telecom was founded by Mr. Suh, Mr. Lee and Mr. Park together with two of their university classmates, namely Mr. SG Lee and Mr. Kim Sun Chul, shortly after their graduation with their personal resources. Over the years, our Company team has grown from initially five founders to 183 employees and has established a recognised position in the system integration industry in Korea.

The following table sets forth a summary of our major business development since our establishment:

1990s ***Early development***

- Established Global Telecom (under its former name, Purun Net Co., Ltd.), our major operating subsidiary, in Korea in 1997.
- Change of name to Global Telecom Co., Ltd. in 1998, with the vision to become an IT solution provider in the telecommunications industry with global presence.
- Awarded our first major contract in relation to the sourcing and installing of network equipment for a computing center from a telecommunications service provider in Korea in 1999.

2000s ***Our business growth and recognitions***

- Developed our own network management system software, "GT View", in 2002, allowing the user to monitor and manage the components of the computer network to ensure its reliability.
- Awarded contract in relation to sourcing and integration of a VPN system for transmission of data securely through public network from a telecommunications service provider in 2003.
- Recognised as a Technologically Innovative Small and Medium Sized Company by the Small and Medium Business Administration Office of Korea since June 2005.
- Registered as an Information and Communications Construction Business Operator since April 2005. With such qualification, we were eligible to participate in projects which involve construction works such as the installation and maintenance of information communications equipment.
- Awarded contract in relation to the setting up and configuration of network equipment in the IPTV project from an internet, media and telecommunications service provider in 2008.

2010s ***Benefit from favorable governmental regulations for the system integration market***

- The Korean government first introduced restraints to market players that were classified as Large-size Operators, or members or subsidiaries of conglomerate groups in 2004, banning such corporations from participating in any public entity software project below certain sizes pursuant to the SIP Act. The Korean government has set specific thresholds on the minimum project sizes that a Large-size Operator may participate in ever since, putting in place from 2012 the current contract size bans of below KRW 8 billion, below KRW 4 billion and below KRW 2 billion. However, effective from 2013, the Korean government added to restrictions on large size companies in this industry by banning, regardless of project size, companies belonging to an enterprise group subject to limitations on mutual investment designated by the Monopoly Regulation and Fair Trade Act from participating in most public entity software projects.

- Such regulations are favorable to Small-and-medium-size Operators like us, and increase our competitive edge in bidding on government projects with large size companies and conglomerates in this industry.

Embark on participating in an overseas project by acting as a subcontractor of a leading Korean IT company

- Based on the success of our contribution to the urban railway project in Seoul back in 2010, we are able to participate in the security system project of an underground railway line in Kuala Lumpur, Malaysia, with aggregated contract sum of approximately HK$38.0 million since 2013.

Incorporation of our Company

- In January 2016, our Company was incorporated and as part of the Reorganisation, became the holding company of our subsidiaries.

- We have adopted Future Data Group Limited as the name of our Company as it represents our vision to deliver data to the hands of the current and future generations.

CORPORATE HISTORY AND DEVELOPMENT

As at the Latest Practicable Date, our Group comprised our Company, SuperChips, Global Telecom and Future Data (HK). A summary of the corporate history of each member of our Group is set out below.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 January 2016 and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance in Hong Kong on 1 March 2016. As at the Latest Practicable Date, our Company

had an authorised share capital of HK$50,000,000 divided into 5,000,000,000 shares of HK$0.01 each. As part of the Reorganisation, details of which are set out in the paragraph headed "Reorganisation" under the section headed "History, Reorganisation and Corporate Structure" in this document, our Company became the ultimate holding company of our Group.

For details of changes in the share capital of our Company, please refer to the section headed "2. Changes in authorised and issued share capital of our Company" in Appendix IV to this document.

SuperChips

SuperChips was incorporated in BVI with limited liability on 14 January 2016. The authorised share capital of SuperChips is US$50,000 divided into 50,000 shares of US$1.00 each of which 1 share was allotted and issued fully paid to our Company on 14 January 2016.

Since then, there has been no change in the share capital or shareholding in SuperChips.

SuperChips is principally engaged in investment holding.

Future Data (HK)

Future Data (HK) was incorporated in Hong Kong with limited liability on 14 October 2015. As at the Latest Practicable Date, Future Data (HK) had an issued share capital of HK$10,001 divided into 10,001 shares. As at the date of incorporation, the issued share capital of Future Data (HK) was owned as to 2,614 shares (representing 26.14%) by Mr. Phung, 235 shares (representing 2.35%) by Ms. Marilyn Tang, 340 shares (representing 3.40%) by Mr. JE Lee, 2,534 shares (representing 25.34%) by Mr. Suh, 1,471 shares (representing 14.71%) by Mr. Lee, 1,403 shares (representing 14.03%) by Mr. Park and 1,403 shares (representing 14.03%) by Mr. SG Lee.

On 20 June 2016, AMS Shareholders transferred the entire issued share capital of Future Data (HK) to SuperChips at a consideration of HK$7.00, which is arrived at based on the net asset value of Future Data (HK). Such transfer has been properly and legally completed and settled. Immediately following completion of such transaction, Future Data (HK) became wholly-owned by SuperChips.

Subsequent to the acquisition of the AMS Loan (as defined below) by SuperChips and on 20 June 2016, the AMS Loan was capitalised and 1 new share was allotted and issued to SuperChips accordingly.

Since then, there has been no change in the share capital or shareholding in Future Data (HK).

Future Data (HK) is currently expected to be principally engaged in supporting the business operation of our Group, such as handling administrative matters in relation to the [REDACTED]. It is also intended that if any overseas opportunities materialise, we may consider using Future Data (HK) as a hub for facilitating the operation of our Group in the implementation of the overseas projects. As at the Latest Practicable Date, no formal agreement or memorandum of understanding had been entered into by our Group in relation to any overseas projects.

Global Telecom

Global Telecom was incorporated under its former name, Purun Net Co., Ltd., in Korea on 21 March 1997. As at the date of incorporation, the total number of authorised share capital of Global Telecom was KRW200,000,000 divided into 40,000 shares with par value of KRW5,000 each. On 21 March 1997, 1,500 fully paid shares were allotted and issued to each of Mr. Suh, Mr. Lee, Mr. Park and Mr. SG Lee, and 4,000 fully paid shares were allotted and issued to Mr. Kim Sun Chul. Since the incorporation of Global Telecom and immediately prior to 18 December 2006, there have been a number of increases of registered capital and share transfers in Global Telecom.

In 2006, the founders of Global Telecom was first acquainted with the management of AMS. In view of the continuous growth of Global Telecom, the expertise of Global Telecom in the system integration industry and the prospects of the information technology industry in Korea as a whole, the management of AMS had been in discussion with the founders of Global Telecom of potential investment opportunities in Global Telecom. After arm's length negotiation between AMS and the then shareholders of Global Telecom, on 18 December 2006, AMS agreed to purchase and the then shareholders of Global Telecom agreed to sell all the issued shares of Global Telecom for an aggregate consideration of US$4,500,000 which was settled partly by way of allotment and issue of 2,135,713 shares of AMS, representing approximately 68.11% of the then issued share capital of AMS immediately after completion of such acquisition, and partly by way of payment in cash of US$1,000,000. Following the completion of such acquisition, Global Telecom became wholly-owned by AMS.

On 20 June 2016, AMS transferred the entire issued share capital of Global Telecom to SuperChips (as the nominee of our Company) at the consideration of HK$75.6 million, which was arrived at based on the net asset value of Global Telecom and satisfied by (i) our Company allotting and issuing 999 new Shares to AMS (or its nominee) credited as fully paid; and (ii) the crediting of the 1 nil-paid Share, which was registered in the name of LiquidTech as fully paid. Such transfer has been properly and legally completed and settled. Our Company had nominated its direct wholly-owned subsidiary, SuperChips, to hold the entire issued share capital of Global Telecom. AMS had nominated LiquidTech to hold the 999 new Shares. Immediately following completion of such transaction, Global Telecom became a wholly-owned subsidiary of SuperChips. As advised by our Korean Legal Advisers, the capital gain tax payable of approximately HK$8.7 million incurred as a result of such transfer by AMS is subject to withholding by SuperChips, and will be settled by our Controlling Shareholders. As such, the Directors confirm that the completion of the Reorganisation will not have a material adverse effect on the Group's financial position.

Since then, there has been no change in the share capital or shareholding in Global Telecom.

[REDACTED] INVESTMENTS

There have been two rounds of [REDACTED] investments, details of which are set out below.

(1) ***Exchangeable loan by Epro Capital***

On 4 December 2015, Epro Capital, as lender, entered into the Epro Exchangeable Loan Agreement with AMS, as borrower, pursuant to which Epro Capital agreed to make available the Epro Exchangeable Loan in the sum of US$1.0 million to AMS. The drawdown of the principal sum of US$1.0 million under the Epro Exchangeable Loan Agreement was completed and the funds were irrevocably settled and received by AMS on 14 December 2015.

Pursuant to the terms of the Epro Exchangeable Loan Agreement, upon the occurrence of the [REDACTED] Event, the principal amount of the Epro Exchangeable Loan shall be automatically and mandatorily exchanged into [REDACTED] Shares (representing approximately [REDACTED]% of the issued share capital of our Company as enlarged by the [REDACTED] and the [REDACTED] and equivalent to HK$[REDACTED] cost per Share) and that AMS shall be bound to transfer or procure LiquidTech to transfer the relevant number of Shares held by it to Epro Capital before the [REDACTED]. In the event that the [REDACTED] does not take place on or before 31 December 2016, the principal amount of the Epro Exchangeable Loan shall be automatically and mandatorily converted into such number of new AMS Shares representing [REDACTED]% of the issued share capital of AMS. Pursuant to the terms of the Epro Exchangeable Loan Agreement, Epro Capital does not enjoy any special rights in connection with the [REDACTED] investment.

Brief description of Epro Capital

To the best of the Directors' knowledge information and belief having made all reasonable enquiries, Epro Capital is wholly and beneficially owned by Epro Group, which, in turn, is wholly and beneficially owned by Merry Silver, which, in turn, is owned as to 50% by Mr. Telly Wong and 50% by Mr. Ling, who are acquainted with Mr. Phung since 2011 when each of them was a director of ETS Group Limited (Stock code: 8031), the issued shares of which are listed on GEM. Mr. Telly Wong was an executive director and chairman of ETS Group Limited from June 2011 to August 2015. Mr. Ling was an executive director and honorary chairman of ETS Group Limited from June 2011 to August 2015. Save for the Epro Exchangeable Loan Agreement, each of Epro Capital, Epro Group, Merry Silver, Mr. Telly Wong and Mr. Ling is independent of and not connected with our Group and/or any connected person(s) of our Company. The source of funding of Epro Capital's Investment in our Group was from personal resources of Mr. Telly Wong and Mr. Ling.

Basis of determining the consideration

The terms of the Epro Exchangeable Loan Agreement were arrived at after arm's length negotiations between AMS and Epro Capital and the consideration paid by Epro Capital thereunder was determined with reference to the historical financial performance of Global Telecom and the future prospects of our Group.

Security

The Epro Exchangeable Loan is unsecured.

Lock-up

The Epro Exchangeable Loan Agreement does not include any provisions as to the lock-up requirements of Epro Capital. Each of Epro Capital, Mr. Telly Wong and Mr. Ling has entered into a deed of lock-up undertaking in favour of our Company that each of them shall not and shall procure that the relevant registered holder(s) shall not at any time during the period commencing on the date of this document and ending on the date which is six months from the [REDACTED] dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which it/he is shown by this document to be the beneficial owners.

Accounting treatment of the Epro Exchangeable Loan

Our Company is neither a party to the Epro Exchangeable Loan nor do we have any obligations thereunder. Upon the mandatory exchange of the Epro Exchangeable Loan immediately prior to [REDACTED], AMS will procure LiquidTech to transfer the relevant number of Shares held by it to Epro Capital. As such, the Epro Exchangeable Loan does not have any accounting impact on our Company.

(2) ***Exchangeable loan by Mr. Joung***

On 16 February 2016, Mr. Joung, as lender, entered into the Joung Exchangeable Loan Agreement with AMS, as borrower, pursuant to which Mr. Joung agreed to make available the Joung Exchangeable Loan in the sum of US$359,834 (equivalent to approximately KRW 400 million) to AMS. The drawdown of the principal sum of US$359,834 (equivalent to approximately KRW 400 million) under the Joung Exchangeable Loan Agreement was completed and the funds were irrevocably settled and received by AMS on 17 February 2016.

Pursuant to the terms of the Joung Exchangeable Loan Agreement, upon the occurrence of the [REDACTED] Event, the principal amount of the Joung Exchangeable Loan shall be automatically and mandatorily exchanged into [REDACTED] Shares (representing approximately [REDACTED]% of the issued share capital of our Company as enlarged by the [REDACTED] and the [REDACTED] and equivalent to HK$[REDACTED] cost per Share) and that AMS shall be bound to transfer or procure LiquidTech to transfer the relevant number of Shares held by it to Mr. Joung before the [REDACTED]. In the event that the [REDACTED] does not take place on or before 31 December 2016, the principal amount of the Joung Exchangeable Loan shall be automatically and mandatorily converted into such number of new AMS Shares representing approximately [REDACTED]% of the issued share capital of AMS. Pursuant to the terms of the Joung Exchangeable Loan Agreement, Mr. Joung does not enjoy any special rights in connection with the [REDACTED] investment.

Brief description of Mr. Joung

Mr. Joung is a long-time friend of Mr. Suh and Mr. Lee, and to the best of the Directors' knowledge information and belief, he decided to invest in view of the prospects and growth potential of our Group. The source of funding was from the personal resources of Mr. Joung. To the best of the Directors' knowledge information and belief having made all reasonable enquiries and save for the Joung Exchangeable Loan Agreement, each of Mr. Joung and his associates is independent of and not connected with our Group and/or any connected person(s) of our Company.

Basis of determining the consideration

The terms of the Joung Exchangeable Loan Agreement were arrived at after arm's length negotiations between AMS and Mr. Joung and the consideration paid by Mr. Joung thereunder was determined with reference to the historical financial performance of Global Telecom and the future prospects of our Group.

Security

The Joung Exchangeable Loan is unsecured.

Lock-up

The Joung Exchangeable Loan Agreement does not include any provisions as to the lock-up requirements of Mr. Joung. Mr. Joung has entered into a deed of lock-up undertaking in favour of our Company that he shall not at any time during the period commencing on the date of this document and ending on the date which is six months from the [REDACTED] dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he is shown by this document to be the beneficial owner.

Accounting treatment of the Joung Exchangeable Loan

Our Company is neither a party to the Joung Exchangeable Loan nor do we have any obligations thereunder. Upon the mandatory exchange of the Joung Exchangeable Loan immediately prior to [REDACTED], AMS will procure LiquidTech to transfer the relevant number of Shares held by it to Mr. Joung. As such, the Joung Exchangeable Loan does not have any accounting impact on our Company.

Exchange of the Exchangeable Loans

As at the Latest Practicable Date, none of the Exchangeable Loans has been exchanged into Shares of our Company. Pursuant to the terms of the Exchangeable Loans, the Exchangeable Loans will be automatically and mandatorily exchanged into Shares of our Company upon the occurrence of the [REDACTED] Event. Upon completion of the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion (without taking into account any Shares which may be allotted and issued upon the exercise of any option which has been or may be granted under the Share Option Scheme), our Company will be owned as to approximately [REDACTED]% by LiquidTech, [REDACTED]% by Epro Capital, [REDACTED]% by Mr. Joung and [REDACTED]% by the public, respectively.

The table below sets out details of the shareholding in our Company to be held by each of our [REDACTED] Investors assuming that the Exchangeable Loans having been exchanged in full immediately prior to the [REDACTED].

Date of the Exchangeable Loan Agreement	[REDACTED] Investor (and its ultimate beneficial owners)	Aggregate consideration paid under the [REDACTED] investment	Date of completion (and settlement of the full payment) of the [REDACTED] investment	Number of Shares to be exchanged upon full exchange of the Exchangeable Loan	Approximate percentage of shareholding in our Company immediately upon [REDACTED] (without taking into account any Shares that may be allotted and issued upon exercise of the options to be granted under the Share Option Scheme)	Approximate cost of investment per Share upon [REDACTED]	Approximate percentage of discount to the mid-point [REDACTED] of HK$[REDACTED] per Share
4 December 2015	Epro Capital (Mr. Telly Wong (50%) and Mr. Ling (50%))	US$1.0 million	14 December 2015	[REDACTED]	[REDACTED]%	HK$[REDACTED]	[REDACTED]%
16 February 2016	Mr. Joung	US$359,834 (equivalent to approximately KRW 400 million)	17 February 2016	[REDACTED]	[REDACTED]%	HK$[REDACTED]	[REDACTED]%

Our Directors believe that the introduction of the [REDACTED] Investors will strengthen our Shareholder base for the [REDACTED]. The investment cost per Share of the [REDACTED] Investors is approximately HK$[REDACTED] per Share and represents a discount of approximately [REDACTED]% to the [REDACTED] of HK$[REDACTED] being the mid-point of the [REDACTED] between HK$[REDACTED] and HK$[REDACTED].

Other matters in relation the [REDACTED] investments

As each of the [REDACTED] Investors will not be a Substantial Shareholder nor a connected person of our Company after [REDACTED], our Shares to be held by each of the [REDACTED] Investors will be considered as part of the [REDACTED] for the purpose of Rule 11.23 of the GEM Listing Rules.

The Sponsor has confirmed that the investments by the [REDACTED] Investors are in compliance with (i) the "Interim Guidance on [REDACTED] Investments" issued by the [REDACTED] [REDACTED] of the Stock Exchange as the consideration for the [REDACTED] investments were settled more than 28 clear days before the date of our first submission of the [REDACTED] application form to the [REDACTED] Division in relation to the [REDACTED]; (ii) the "Guidance on [REDACTED] investments" (GL43-12) issued by the [REDACTED] of the Stock Exchange as no special rights have been granted to any of the [REDACTED] Investors in connection with the [REDACTED] investments; and (iii) the "Guidance on [REDACTED] Investments in convertible instruments" (GL44-12) issued by the [REDACTED] [REDACTED] of the Stock Exchange as no Exchangeable Loans will be outstanding immediately upon [REDACTED] and no new Shares will be issued in connection with the conversion of the Exchangeable Loans.

REORGANISATION

In contemplation of the [REDACTED], our Group has undergone the following major restructuring steps pursuant to the Reorganisation.

(a) On 14 October 2015, Future Data (HK) was incorporated in Hong Kong with limited liability and has an issued share capital of HK$10,000 divided into 10,000 shares. As at the date of incorporation, Future Data (HK) was owned as to 2,614 shares (representing 26.14%) by Mr. Phung, 235 shares (representing 2.35%) by Ms. Marilyn Tang, 340 shares (representing 3.40%) by Mr. JE Lee, 2,534 shares (representing 25.34%) by Mr. Suh, 1,471 shares (representing 14.71%) by Mr. Lee, 1,403 shares (representing 14.03%) by Mr. Park and 1,403 shares (representing 14.03%) by Mr. SG Lee;

(b) On 11 November 2015, LiquidTech was incorporated in BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class, each with a par value of US$1.00, of which 1 fully paid share has been allotted and issued to AMS;

(c) On 4 January 2016, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. The then authorised share capital was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each and initially 1 nil-paid Share was allotted and issued to Sharon Pierson as the initial subscriber (which is an independent third party), which was transferred to LiquidTech on the same date at nil paid;

(d) On 14 January 2016, SuperChips was incorporated in BVI with limited liability and is authorised to issue a maximum of 50,000 shares of a single class, each with a par value of US$1.00, of which 1 fully paid share was allotted and issued to our Company on 14 January 2016;

(e) On 27 March 2014, Global Telecom declared an annual dividend of US$20 per share. The first tranche dividends in the sum of US$0.2 million was paid to AMS on 19 December 2014. The second tranche dividends in the sum of approximately US$0.56 million was paid to AMS on 23 October 2015. The third tranche dividends in the sum of approximately US$0.56 million was paid to AMS on 4 November 2015. The remaining dividends in the sum of approximately US$0.69 million was paid to AMS on 16 March 2016;

(f) On 28 October 2015, AMS agreed to provide a term loan (the "**AMS Loan**") to Future Data (HK) in the principal amount of US$2.0 million, which is interest free and not secured by any assets of our Group. The terms and conditions of the AMS Loan are subsequently recorded in a loan agreement dated 18 March 2016;

(g) On 4 December 2015, Epro Capital, as lender, entered into the Epro Exchangeable Loan Agreement with AMS, as borrower, pursuant to which Epro Capital agreed to make available the Epro Exchangeable Loan in the sum of US$1.0 million to AMS;

(h) On 16 February 2016, Mr. Joung, as lender, entered into the Joung Exchangeable Loan Agreement with AMS, as borrower, pursuant to which Mr. Joung agreed to make available the Joung Exchangeable Loan in the sum of US$359,834 (equivalent to approximately KRW 400 million) to AMS;

(i) On 20 June 2016, AMS transferred the entire issued share capital of Global Telecom to SuperChips (as the nominee of our Company) at the consideration of HK$75.6 million, which was satisfied by (i) our Company allotting and issuing 999 new Shares to AMS (or its nominee) credited as fully paid; and (ii) the crediting of the 1 nil-paid Share, which was registered in the name of LiquidTech as fully paid. Our Company had nominated its direct wholly-owned subsidiary, SuperChips, to hold the entire issued share capital of Global Telecom. AMS had nominated LiquidTech to hold 999 new Shares. The consideration was based on the net asset value of Global Telecom;

(j) On 20 June 2016, AMS Shareholders transferred the entire issued share capital of Future Data (HK) to SuperChips at a consideration of HK$7.00. The consideration was arrived at based on the net asset value of Future Data (HK);

(k) On 20 June 2016, SuperChips acquired the AMS Loan in the sum of US$2.0 million in Future Data (HK) from AMS at a consideration of HK$1.00; and

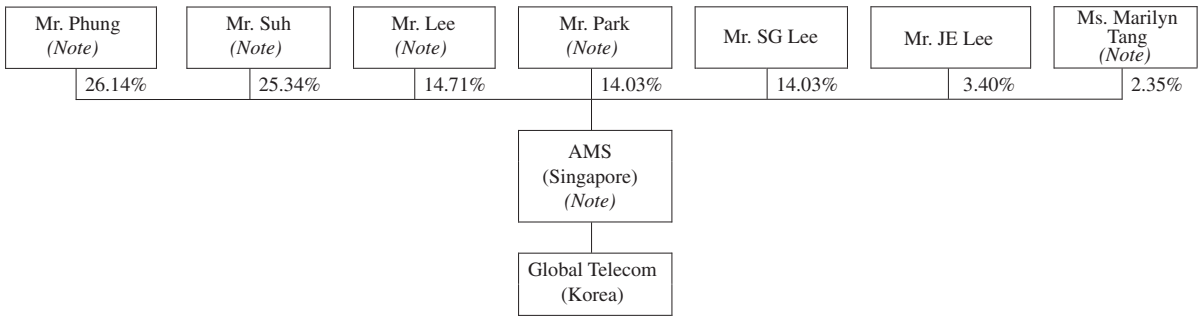
(l) On 20 June 2016, the AMS Loan was capitalised and 1 new share of Future Data (HK) was allotted and issued to SuperChips accordingly.

The legal advisers to our Company as to Cayman Islands law and Korea law have confirmed that the change of shareholding in Global Telecom and Future Data (HK) would not require any approval or permit from any government authorities in the Cayman Islands or Korea, respectively.

CORPORATE STRUCTURE OF OUR GROUP

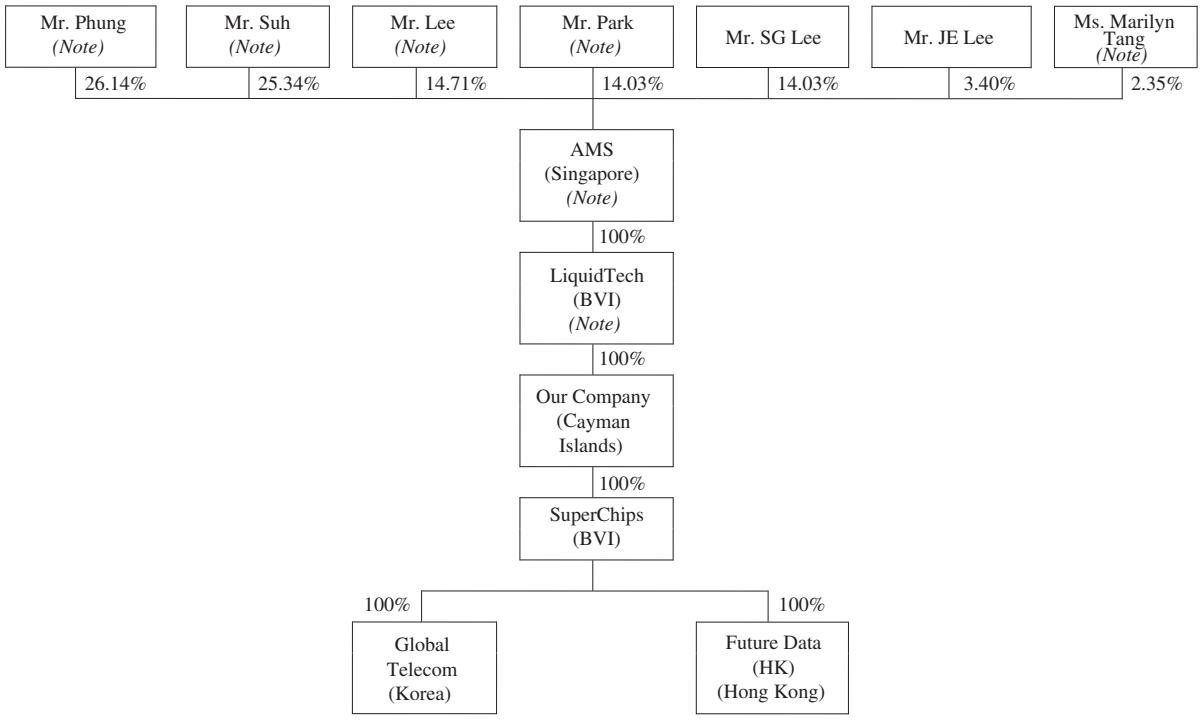
As a result of the Reorganisation, our Company became the ultimate holding company of our Group. The following diagrams set out the shareholding structure and corporate structure of our Group (i) immediately prior the Reorganisation, (ii) immediately after the Reorganisation (but before the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion and without taking into account any Shares which may be allotted and issued upon the exercise of options to be granted under the Share Option Scheme) and (iii) immediately following the completion of the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion (but without taking into account any Shares which may be allotted and issued upon the exercise of options to be granted under the Share Option Scheme).

Immediately prior to the Reorganisation



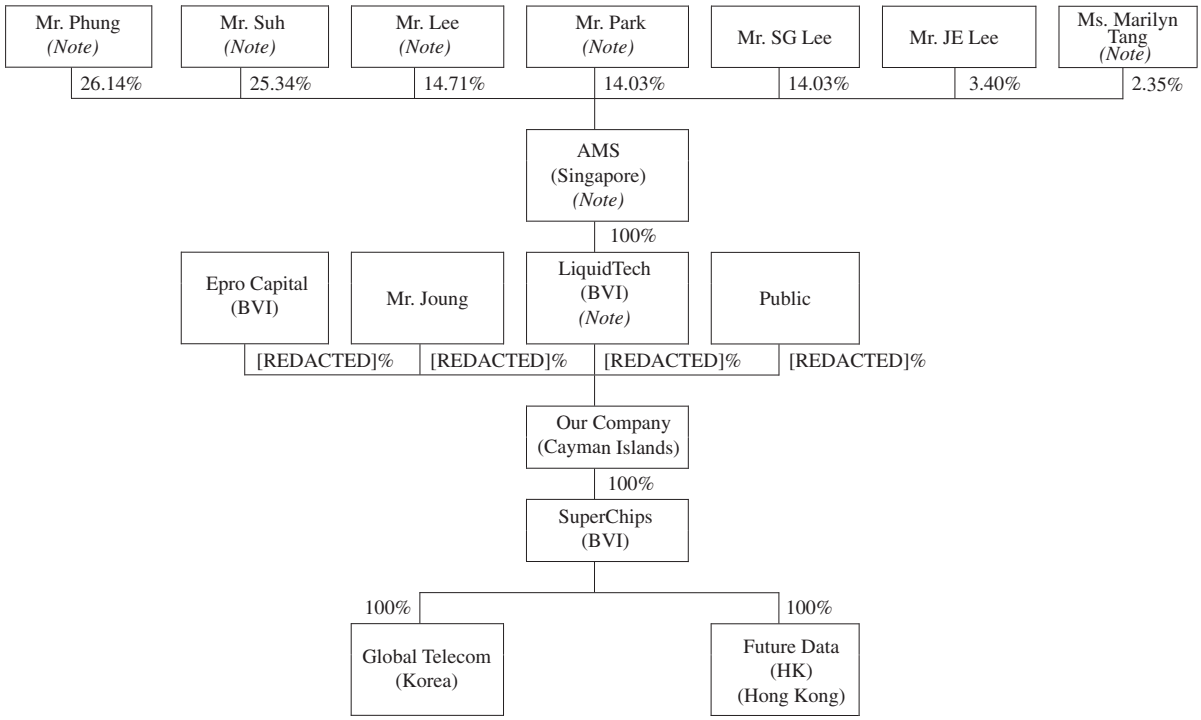
Note: Mr. Phung, Mr. Suh, Mr. Lee, Mr. Park, Ms. Marilyn Tang and AMS are our Controlling Shareholders. Details of their shareholdings are set out in the paragraph headed "Substantial Shareholders" under the section headed "Substantial Shareholders and Significant Shareholders" in this document.

Immediately after the Reorganisation (but before the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion and without taking into account any Shares which may be allotted and issued upon the exercise of options to be granted under the Share Option Scheme)



Note: Mr. Phung, Mr. Suh, Mr. Lee, Mr. Park, Ms. Marilyn Tang, AMS and LiquidTech are our Controlling Shareholders. Detailed shareholdings of which are set out in the paragraph headed "Substantial Shareholders" under the section headed "Substantial Shareholders and Significant Shareholders" in this document.

Immediately following completion of the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion (but without taking into account any Shares which may be allotted and issued upon the exercise of options to be granted under the Share Option Scheme)



Note: Mr. Phung, Mr. Suh, Mr. Lee, Mr. Park, Ms. Marilyn Tang, AMS and LiquidTech are our Controlling Shareholders. Details of their shareholdings are set out in the paragraph headed "Substantial Shareholders" under the section headed "Substantial Shareholders and Significant Shareholders" in this document.

OVERVIEW

Established in 1997, we are a Korea based company principally engaged in the provision of:

(i) integrated systems; and

(ii) maintenance service.

The table below illustrates the breakdown of our revenue by business segments during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
System integration	395,361	89.5	439,732	85.3
Maintenance service	46,444	10.5	75,972	14.7
	441,805	100.0	515,704	100.0

Scope of work

Our customers require reliable, efficient and secure means to capture, store and transmit their data, which may range from e-mails, mobile text messages, videos, scanned electronic files to sensitive credit card transaction records. The systems we integrate for them are capable of storing our customers' data securely and act as pipelines to transmit such data within connected networks.

According to the requirements of our customers, our engineers source and integrate suitable hardware and software components, and configure them into a compatible system. We believe that the selection of these hardware and software components and the configuration process are critical since they would affect the performance of the systems we integrate. The hardware components of our systems usually contain servers, storage, network equipment, CCTV surveillance and notification system, and the software components usually include virtualisation software, firewalls, or other data intrusion detection and protection solutions for desktop or mobile devices. To protect the data of our customers from leakage or hacking, we have the ability to incorporate security elements into the data storage and transmission systems by incorporating customised firewall technologies with threat recognition and detection, data filtering and quarantine protocols.

Our system integration projects

During the Track Record Period, all of the projects we undertook were located in Korea, except for the security system project for an underground railway line in Kuala Lumpur, Malaysia (i.e. the project codenamed P3 in the paragraph headed "1. System Integration — Our top 10 projects" in this section).

In Korea, the government first introduced the SIP Act in 2004 to restrict the participation of Large-size Operators in public entity software projects of certain contract value in order to promote the growth of Small-and-medium-size Operators. Over the years, the Korean government has amended various provisions of the SIP Act with an objective to provide more business opportunities to the Small-and-medium-size Operators engaged in the public entity project segment. Under the current provisions of the SIP Act, our principal operating subsidiary in Korea is classified as a Small-and-medium-size Operator and can participate in public entity projects of any size, whereas a Large-size Operator is prohibited to participate in public entity projects of size of KRW2 billion (approximately HK$14 million) or under. Our Directors consider the strict enforcement of the SIP Act has benefited Small-and-medium-size Operators in obtaining sizable public entity projects, which were previously dominated by the Large-size Operators, especially those belonging to conglomerate groups. For details of the SIP Act and the restrictions on participation by Large-size Operators in public entity software projects, please refer to the paragraph headed "Regulations on Business Regarding Government Projects — SIP Act" under the section headed "Regulatory Overview" in this document.

The following table shows an analysis of our system integration projects during the Track Record Period:

	Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2014	2015	2014	2015	2014	2015
	Number of projects		Revenue recognised		% to our total system integration revenue	
			(approximately HK$ million)		*(%)*	
Project size over HK$14 million	6[Note 1]	4[Note 2]	71.2	82.2	18.0	18.7
Project size under HK$14 million	285	338[Note 3]	324.2	357.5	82.0	81.3
	291	342	395.4	439.7	100.0	100.0

Notes:

1. Comprised the projects codenamed P1, P2, P3, P4, P5 and P11 in the paragraph headed "1. System Integration — Our top 10 projects" in this section.

2. Comprised the projects codenamed P3, P11, P12 and P13 in the paragraph headed "1. System Integration — Our top 10 projects" in this section.

3. Included 11 projects brought forward from 2014.

Throughout the years, we have established a solid track record of delivering our services to customers from various industries. We have been serving five of our top 10 customers for more than 10 years. For each of the two years ended 31 December 2015, revenue generated from recurring customers accounted for approximately 79.1% and 74.6% of our total revenue, respectively. We also have more than 10 years of business relationship with four of our top 10 suppliers.

Our maintenance service

We provide maintenance services to our customers to ensure that their systems are running properly, and, in the event of system failures, to identify the fault and repair the relevant part of their systems to minimise disruption to our customers' operations. In responding to the technical issues faced by our customers, we may deploy our technical staff to provide on-site support when deemed necessary. We also conduct regular check-ups on our customers' systems to identify potential technical issues and help our customers install and integrate newly released or upgraded software patches. From time to time, we may be required to deploy our technical staff to the customer's site to provide system monitoring services.

OUR COMPETITIVE STRENGTHS

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

Demonstrated track record in providing integrated systems thus securing business with recurring customers

Through our 19 years of service in the industry, we have established a solid track record of delivering integrated systems to our customers. In particular, our Directors believe that our capability to meet our customers' technical requirements facilitated us in obtaining a number of projects from some of our sizeable and reputable customers.

Notable system integration projects we undertook during the Track Record Period include:

(i) *Incheon International Airport Project* — our largest project in 2015, being one of the main contractors engaged by the Incheon International Airport Corporation in relation to the integration of communication facilities. We were responsible for the integration of systems which share, store and display flight information in the new airport terminal for the purpose of providing flight information display, wireless network for passengers of the new airport terminal and the related security elements and managing the local networks of different parts of the terminal; and

(ii) *Kuala Lumpur Urban Railway Project* — our third largest project in 2014 and 2015, being one of the subcontractors of LG CNS Co., Ltd. We were responsible for the supply and configuration of the CCTV surveillance and security management system which sends video signals to a control center via both wired and wireless networks in real time.

In addition, we have undertaken system integration projects for various government owned and public entities. These customers generally pay close attention to the security of their data due to the sensitive nature of their data. We believe that our ability to configure the security elements of our systems to meet the security concerns of our customers sets us apart from our competitors. Notable systems integration projects we undertook for government owned and public entities include:

(i) *System integration projects for Customer A* — our largest project and fifth largest project in 2014, respectively, provision of integrated systems for a liquidfied natural gas production base in Samcheok and an office building in Daegu, Korea of this customer for the purpose of detecting intruders. We planned the layout of security equipment throughout the customer's premises and configured (i) the access permission protocols of the data transmission equipment; (ii) intruder recognition protocols; and (iii) sensitivity of the security equipment involved; and

(ii) *System integration project for the Korean military* — our eighth largest project in 2014, provision of an integrated system made up of servers and remote data processing equipment with cloud computing, network connectivity and security elements for the storage and sharing of sensitive financial information in relation to military budgeting. We configured storage methods, fail-safes, back-up protocols and other protocols for the storage space.

For each of the two years ended 31 December 2015, revenue generated from recurring customers accounted for approximately 79.1% and 74.6% of our total revenue, respectively. Our Directors believe that the complementary nature of our integrated systems and maintenance service produces a synergistic effect on the business of the Company. Thus, we are able to leverage on our accumulated in-depth knowledge of the integrated systems and associated day-to-day maintenance issues to secure the customers as recurring customers.

Stable management team and experienced technical team

We have a stable and experienced management team, with a majority of the team members having served our Group for more than 15 years. For instance, Mr. Suh, Mr. Phung and Mr. Lee, three of our executive Directors, each has more than 20 years of experience in the management and development of system integration projects. Mr. Park, an executive Director and chief technical officer, also has more than 19 years of experience in the system integration industry. In addition, Mr. Ryoo has been the general manager and chief financial officer of finance department since 2005 and has a deep understanding of our operation. We believe that the vision and extensive experience of our management team enable us to predict and advise our customers on emerging market trends, understand their needs and provide customised services in a timely manner. For biographical details of our Directors and senior management, please refer to the section headed "Directors and Senior Management" in this document.

We also believe that the business insight and technical expertise of our experienced technical team give us a key competitive advantage in the system integration industry in Korea. Our technical team has over a hundred members and are all qualified and experienced in the system integration industry. As such, we believe that they are capable of providing our customers with all-rounded

business advice in addition to technical advice. On the technical side, our engineers source and integrate suitable hardware and software components, and configure them into a compatible system to meet the requirement of our customers. We believe that both the selection of these hardware and software components and the configuration process are critical since they would affect the performance of the systems we integrated. To protect our customers' data from leakage or hacking, our engineers also have the ability to incorporate security elements into the data storage and transmission systems by incorporating a customised firewall technology with threat recognition and detection, data filtering and quarantine protocols.

Well-established rapport with some of our Group's business partners who provide various key components of our systems

Our Group has maintained stable and established relationship with our top suppliers during the Track Record Period. For example, we have over 10 years of relationship with Brocade Communications Systems Inc., one of our top five suppliers for the two years ended 31 December 2015. Our Directors consider that our long term, stable relationships with these IT equipment and software suppliers enabled us to keep abreast of their new product development and to have their continuous support in our system integration business. For details of our five largest suppliers, please refer to the paragraph headed "Suppliers" in this section. Our Group maintains a list of approved suppliers and has developed close relationships with some of these suppliers. In recognition of our close business relationships, we received awards from some of our top 10 suppliers. These awards include "National Partner of the Year" award from Palo Alto Networks Inc., "Partner of Excellence" award from a sizeable computer hardware manufacturer based in the U.S. and "Platinum CSA Partner" award from a sizeable IT solutions provider based in the U.S.. We believe that a strong relationship with our major suppliers is essential to maintaining our Group's service quality.

BUSINESS STRATEGIES

To maintain our market share, enhance our service quality and attract more customers, we are implementing the following business strategies:

Expanding our market share by increasing service points

We believe that setting up additional service points in certain key strategic locations will enable us to achieve a wider coverage in Korea and reduce our response time to customers located in these cities. As we are currently based in Seoul, we may not be able to provide service in a timely manner to customers located outside of Seoul. For example, it may take up to five hours for our engineers to reach a customer located in distanced cities such as Busan (second largest city in Korea) and Jeonju (where we have government entities as our customers). In this connection, we plan to set up service points in the cities of Busan, Jeonju and Gangneung (where we have several large active customers) to widen our market presence in areas beyond Seoul. Our Group plans to finance the initial set up cost (including the equipment needs) by the net [REDACTED] from the [REDACTED]. For details of this strategy, please refer to the section headed "Business Objectives and Future Plans" in this document.

Developing our overseas business by partnering with leading Korean IT companies in overseas projects

During the Track Record Period, we were engaged by one of our major customers, LG CNS Co., Ltd., an IT service provider for the supply and configuration of the CCTV surveillance and security management system for its Kuala Lumpur Urban Railway Project. LG CNS Co., Ltd was awarded the contract to build the telecommunication system for the railway operator and we participated in it. Prior to the commencement of this project we have been working with this customer for over 13 years. Our Directors believe that we were selected by this customer for the project due to our technical competency, know-how and service quality as demonstrated to this customer during our 13 years of business relationship.

With our established business relationships with certain leading IT companies in Korea and our reputation within the industry, our strategy is to explore business opportunities to participate in overseas projects handled by those leading Korean IT companies. Riding on our previous experience in the Kuala Lumpur Urban Railway Project, our Directors and senior management consider that we are capable of handling any such future potential overseas projects. In addition, Mr. Phung, one of our executive Directors, has gained extensive experience in the Asian IT markets from his past work experiences. For details of his biography, please refer to the section headed "Directors and Senior Management" in this document. Moreover, our Directors believe that our Hong Kong office, which is currently intended to be used for supporting the business operation of the Group such as handling the administrative matters in relation to the [REDACTED], may also be used as a hub for facilitating the operations of our Group in the implementation of the overseas projects if any such opportunities materialise, as Hong Kong is well positioned between our headquarters in Korea and most of the countries in Southeast Asia.

We have been in discussion with certain leading IT companies in Korea about their overseas projects in some Asian countries, but all of these opportunities are still at the preliminary discussion stage and no formal agreement or memorandum of understanding had been entered into by the Group in relation to these projects as at the Latest Practicable Date. Should any such overseas project opportunities become mature, we will conduct feasibility studies which will primarily focus on matters relating to operating in the jurisdictions where the potential overseas projects are located (such as the legal and regulatory environment and tax planning in relation to our Group's engagement in the projects) and engage additional legal, financial or technical expertise if and when necessary, and these are intended to be funded by our internal resources.

For details of our plan to explore overseas business opportunities, please refer to the section headed "Business Objectives and Future Plans" in this document.

Expanding our professional team and enhancing our service quality

We believe that our success depends upon our ability to hire and cultivate experienced, motivated and well-trained members of our professional team. To meet the increasing demand of the market, new headcounts will be added to our professional team in order to enhance the efficiency and quality of

our services. We will also continue to attract management and technical talents with the required competence and experience in the system integration industry through external recruitment. For further details of this strategy, please refer to the section headed "Business Objectives and Future Plans".

DESCRIPTION OF OUR BUSINESS

The table below illustrates the breakdown of our revenue by business segments during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
System integration	395,361	89.5	439,732	85.3
Maintenance service	46,444	10.5	75,972	14.7
	441,805	100.0	515,704	100.0

(I) *SYSTEM INTEGRATION*

In undertaking our system integration projects, we need to possess knowledge and experience in the following:—

Network connectivity

We connect various parts of a network in order to enable data capturing, storage transmission within networks. In this connection, we supply and integrate various hardware and software components such as servers, storage and networking equipment.

Cloud computing

Cloud computing consists of network or internet based solutions which allow sharing of data processing between devices and data centers. The main enabling technology for cloud computing is virtualisation. On top of the basic components we source for network connectivity as stated above, we also supply and integrate virtualisation hardware and software components such as virtualisation software, and configure the system we integrated with these components to suit the requirements of our customers.

Security

We customise various security features on our integrated systems to protect our customers' critical assets and data against security risks. To enable these security features, we may integrate surveillance systems that are comprised of backbone-networks designed to collect video signals from networks of surveillance cameras, and/or to protect our customers' critical IT assets such as servers, computer networks and databases against cyber security risks.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

Our top 10 projects

The following table sets out the top 10 system integration projects with the highest revenue contribution to the Group for the respective years:

For the year ended 31 December 2014

Rank	Project code	Customer	Project nature	Customisation works involved	Aggregated contract value	Project duration	Revenue recognised in the year ended 31 December 2014	% to the total revenue under the system integration segment in the year ended 31 December 2014
					(approximately HK$' million) *(Note)*		*(approximately HK$' million)*	*(%)*
1	P1	***Customer A —*** Entity owned by the Korean government principally engaged in the provision of natural gas	To enhance the security system of a liquidfied natural gas production base in Samcheok of the customer by providing an integrated system which comprised of a network of CCTV cameras and physical intrusion detection devices, customised for the purpose of detecting intruders	Planning the layout of security equipment throughout the customer's premises Configuration of (i) the access permission of the data transmission and storage equipment; (ii) intruder recognition protocols; and (iii) sensitivity of security equipment	21.9	June 2013 to June 2014	15.9	4.0
2	P2	***Customer G —*** An entity owned by the Korean government principally engaged in the management of agricultural and fisheries related industries of Korea	Provision of a customised in-house broadcasting system which comprised of high definition cameras, network switches, multi-function camcorders to capture and transmit data for the customer's new branch office in Naju	Planning the layout of broadcasting equipment and the related backbone network to ensure maximum utilisation of these equipment Configuration of broadcasting equipment to ensure the reliability and efficiency of the system and the quality of audio being transmitted	14.5	August 2014 to September 2014	14.5	3.7
3	P3	***LG CNS Co., Ltd. —*** IT service provider based in Korea	CCTV surveillance and security management system project for an underground railway line of an urban railway operator in Kuala Lumpur which involved the provision of an integrated system which captures and sends video signals from cameras installed on tracks and railway stations to a control centre via both wired and wireless networks in real time	Planning the layout of CCTV equipment and other security equipment on (i) railway tracks to enable train drivers to have a clear view when the trains are approaching the stations to prevent accidents and (ii) throughout the railway stations for crime prevention purpose Configuration of protocols for data transmission equipment, intruder recognition protocols and sensitivity of security equipment	40.0	May 2013 to July 2017 (expected)	14.2	3.6
4	P4	***SK Broadband Co., Ltd. —*** Telecommunications company based in Korea	Provision of additional server equipment to integrate a system with cloud computing and network connectivity elements for the purpose of transmitting high definition video contents from domestic and overseas television channels	Configuration of the data encoding and decoding equipment, and other network equipment of an IPTV network to ensure the smooth transmission and delivery of international channels to viewers	17.1	July 2013 to July 2016 (expected)	13.4	3.4
5	P5	***Customer A —*** Entity owned by the Korean government principally engaged in the provision of natural gas	To enhance the security system of an office building of the customer by providing an integrated system which comprised of a network of CCTV cameras and physical intrusion detection devices, customised for the purpose of detecting intruders	Planning the layout of security equipment throughout the customer's premises Configuration of (i) the access permission of the data transmission and storage equipment; (ii) intruder recognition protocols; and (iii) sensitivity of security equipment	18.9	January 2013 to June 2014	13.1	3.3

Rank	Project code	Customer	Project nature	Customisation works involved	Aggregated contract value	Project duration	Revenue recognised in the year ended 31 December 2014	% to the total revenue under the system integration segment in the year ended 31 December 2014
					(approximately HK$' million) *(Note)*		*(approximately HK$' million)*	*(%)*
6	P6	***Customer H*** **—** IT consultancy service and equipment provider based in Korea	(1) Provision of a load balancing system to coordinate data transfers between different credit card data servers of the customer to avoid data overload on any one of these servers; and (2) provision of a network separation system on the server of the customer for the purpose of enhancing data security for the customer	(1) Configuration of data redistribution protocols of a key network switch which detects overload on servers; and (2) achieving network separation by configuring the relevant software, virtualisation server, network switches and other related equipment to identify certain devices on the network as secured devices and preventing them from being accessed by external users	12.5	June 2014 to December 2014	12.5	3.2
7	P7	***Customer B*** **—** Internet, media and telecom company based in Korea	Provision of data sharing network with cloud computing, network connectivity and security elements made up of server and remote data processing equipment for the sharing of information between various police agencies in Jeju province	Configuration of user access permission and data sharing protocols between different users of the system	11.9	April 2014 to August 2015	11.9	3.0
8	P8	***KCC Information & Communication Corp.*** **—** Integrated systems providers based in Korea	Provision of an integrated system made up of servers and remote data processing equipment with cloud computing, network connectivity and security elements for the storage and sharing of sensitive financial information for the Korean military	Customisation of storage methods and configuration of fail-safes, back-up protocols and other protocols for the storage space	11.9	October 2013 to February 2015	11.9	3.0
9	P9	***Bucheon City Hall*** **—** Government entity responsible for the management of public affairs in the city of Bucheon	Provision of an integrated system made up of CCTV cameras, network equipment and servers with cloud computing, network connectivity and security elements in the city of Bucheon for crime prevention purpose. The system we integrated comprised of a network of surveillance cameras and a communication network which enable the customer to receive video data from these surveillance cameras	Planning the layout of CCTV cameras and related security equipment throughout the city of Bucheon Configuration of a central control system for the CCTV cameras, motion and hazard detection systems, data back-up systems and the access permissions to the stored data	9.9	December 2013 to December 2014	9.9	2.5
10	P10	***Customer I*** **—** Government entity principally engaged in IT industry related policy research	Source and integrate server equipment and wireless connectivity equipment such as access points and routers to integrate a system with network connectivity and security elements for purpose of enabling wireless access for occupants of the new building of the customer in Jincheon city	Planning the layout of wireless access points throughout the customer's premise Configuration of the wired and wireless components of the customer's network to ensure stable and secured wireless connection for the occupants of the customer's premises. Configuration of the sensitivity of the intrusion detection protocols of the security elements	9.6	April 2014 to June 2014	9.6	2.4
							—	—
							126.9	32.1

Note: The aggregated contract value as stated in the relevant agreement(s) denominated KRW and translated in to HK$ based on the average exchange rate for the year ended 31 December 2014.

For the year ended 31 December 2015

Rank	Project code	Customer	Project nature	Customisation works involved	Aggregated contract value	Project duration	Revenue recognised in the year ended 31 December 2015	% to the total revenue under the system integration segment in the year ended 31 December 2015
					(approximately HK$' million) *(Note)*		*(approximately HK$' million)*	*(%)*
1	P11	***Incheon International Airport Corporation*** — Airport operator based in Korea	Provision of the following systems for the new airport terminal of the customer: (i) a WLAN network for passengers which comprised of access points throughout the airport terminal to provide consistent connection strength throughout the airport terminal; (ii) a data sharing system with cloud computing, network connectivity and security elements which comprised of network switches, server equipment and information dashboards, integrated for the purpose of sharing, storing and display of flight information data; and (iii) a central network management system which monitors a number of local networks of various parts of the airport terminal	Planning the layout of wireless access points within the customer's premises to achieve better coverage throughout the terminal Configuration of the wired and wireless components of the customer's network to ensure stable and secured wireless connection for occupants of the premise Configuration of the sensitivity of the intrusion detection protocols of the security elements of the system Configuration of the network identity of each individual equipment within the network Mapping of the network device and configuration of device pairing protocols Configuration of the sensitivity of the alarms of the network monitoring protocols	141.9	November 2014 to September 2017 (expected)	29.4	6.7
2	P12	***Customer E*** — Network product and service provider based in Korea	Provision of an enhanced firewall system for the branch offices of the customer	Analysing applications used by the customer and customising the access permission rules for each application Configuration of known threat recognition and detection protocols, data filtering and quarantine protocols for unknown threat that may potentially harm the customer's system	26.1	January 2015 to December 2015	26.1	5.9
3	P3	***LG CNS Co., Ltd.*** — IT service provider based in Korea	CCTV surveillance and security management system project for an underground railway line of an urban railway operator in Kuala Lumpur which involved the provision of an integrated system which captures and sends video signals from cameras installed on tracks and railway stations to a control centre via both wired and wireless networks in real time	Planning the layout of CCTV equipment and other security equipment on (i) railway tracks to enable train drivers to have a clear view when the trains are approaching the stations to prevent accidents and (ii) throughout the railway stations for crime prevention purpose. Configuration of protocols for data transmission equipment, intruder recognition protocols and sensitivity of security equipment	40.0	May 2013 to July 2017 (expected)	14.0	3.2
4	P13	***SK Broadband Co., Ltd.*** — Telecommunications company based in Korea	Provision of server equipment to integrate a system with cloud computing and network connectivity elements for the purpose of transmitting high definition video contents from domestic and overseas television channels to mobile devices	Configuration of the data encoding and decodings points of an IPTV network to ensure the smooth transmission and delivery of international channels to viewers using mobile devices	14.4	July 2013 to July 2016	12.7	2.9
5	P14	***Customer J*** — IT solutions provider	Provision of an integrated system made up of servers and remote data processing equipment with cloud computing, network connectivity and security elements for the storage and sharing of sensitive financial information for a credit card service provider based in Korea	Customisation of storage methods and configuration of fail-safes, back-up protocols and other protocols for the storage space	9.6	June 2015 to June 2015	9.6	2.2

Rank	Project code	Customer	Project nature	Customisation works involved	Aggregated contract value	Project duration	Revenue recognised in the year ended 31 December 2015	% to the total revenue under the system integration segment in the year ended 31 December 2015
					(approximately HK$' million) *(Note)*		*(approximately HK$' million)*	*(%)*
6	P15	***Customer K*** — Official export credit agency of the Korean government	Provision of a data processing network with cloud computing and security elements for the purpose of establishing network separation for the purpose enhancing data security for the customer	Achieving network separation by configuring the relevant software, virtualisation servers, network switches and other related equipment to identify certain devices on the network as secured devices and preventing from being accessed by external users	9.2	June 2015 to October 2015	9.2	2.1
7	P16	***Customer L*** — Korean government entity responsible for managing the presidential records	Provision of an integrated system for the purpose of capturing and storing records of the customer	Customisation of storage methods and configuration of fail-safes, back-up protocols and other protocols for the storage space	9.2	October 2015 to December 2015	9.2	2.1
8	P17	***Customer M*** — Surveillance solutions provider based in Korea	Provision of an additional network of CCTV cameras, network equipment and servers with cloud computing, network connectivity and security elements in the city of Bucheon for crime prevention purpose. The system we provided comprised of a network of surveillance cameras and a communication network which enable the customer to receive video data from these surveillance cameras	Planning the layout of CCTV cameras and related security equipment throughout the city of Bucheon, configuration of central control system for CCTV cameras, motion and hazard detection systems, data back-up systems and the access permissions to the stored data	9.0	May 2015 to December 2015	9.0	2.0
9	P18	***SK Broadband Co., Ltd.*** — Wireless telecommunications operator based in Korea	Sourcing of server equipment to integrate a system with cloud computing and network connectivity elements for the purpose of intercepting high definition video contents from domestic and overseas television channels to add subtitles and other channels extensions for television viewers with impaired hearing abilities	Configuration of data interception points of an IPTV network to ensure seamless addition of subtitles to video contents and addition of channels from domestic and international TV content providers	8.7	November 2015 to January 2016	8.7	2.0
10	P19	***Customer N*** — Korean government entity which specialises in disaster management and planning	Provision of an integrated system with network connectivity and security elements for the customer	Planning the layout of network equipment within the customer's premise Configuration of the customer's IP Phone network to ensure stable and secured connection for the customer Configuration of the sensitivity of the intrusion detection protocols of the security elements	8.3	November 2015 to November 2015	8.3	1.9
							—	—
							136.2	31.0

Note: The aggregated contract value as stated in the relevant agreement(s) denominated KRW and translated in to HK$ based on the average exchange rate for the year ended 31 December 2015, except for project codenamed P3 (a project brought forward from 2014) which is translated using the average exchange rate for the year ended 31 December 2014.

System Integration Project Backlog

Set out below are the movement of the number of projects in our backlog for the Track Record Period and up to 30 April 2016.

	Year ended 31 December		From 1 January 2016 to 30 April 2016
	2014	2015	
Number of projects corresponding to opening value of backlog	34	14	36
Number of projects corresponding to new contracts awarded	260	345	202
Number of projects completed during the year or period indicated	(280)	(323)	(182)
Number of projects corresponding to closing value of backlog	14	36	56

Based on our contracts on hand, the value of our backlog (representing the estimated total contract value for the uncompleted work of our system integration projects) as at 30 April 2016 was approximately HK$211.4 million, of which approximately HK$187.0 million and HK$24.4 million are expected to be recognised in the years ending 31 December 2016 and 2017 respectively.

Details of our top 10 system integration projects on hand during the period after the Track Record Period and up to 30 April 2016 (in terms of the estimated total contract value for the uncompleted work of our system integration projects after the Track Record Period) are as follows:

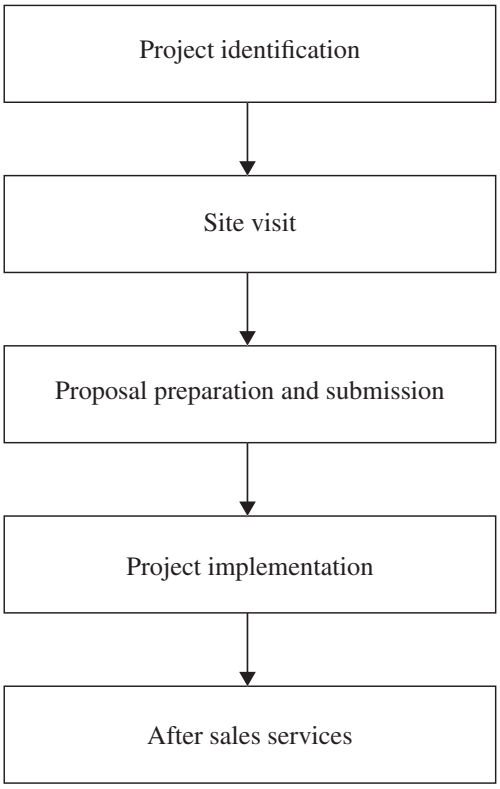
Rank	Project code	Customer	Project nature	Customisation works involved	Aggregated contract value	Commencement/ expected completion date	The estimated total contract value for the uncompleted work of our system integration projects after the Track Record Period
					(approximately HK$ million) *(Note)*		*(approximately HK$ million)*
1	P11	***Incheon International Airport Corporation*** — Airport operator based in Korea	Provision of the following systems for the new airport terminal of the customer: (i) a WLAN network for passengers which comprised of access points throughout the airport terminal to provide consistent connection strength throughout the airport terminal; (ii) a data sharing system with cloud computing, network connectivity and security elements which comprised of network switches, server equipment and information dashboards, and was integrated for the purpose of sharing, storing and display of flight information data; and (iii) a central network management system which monitors a number of local networks of various parts of the airport terminal	Planning the layout of wireless access points within the customer's premises to achieve better coverage throughout the terminal Configuration of the wired and wireless components of the customer's network to ensure stable and secured wireless connection for occupants of the premises Configuration of the sensitivity of the intrusion detection protocols of the security elements of the system Configuration of the network identity of each individual equipment within the network Mapping of the network device and configuration of device pairing protocols Configuration of the sensitivity of the alarms of the network monitoring protocols	136.3	November 2014 to September 2017	107.8
2	P20	***Incheon International Airport Corporation*** — Airport operator based in Korea	Provision of an integrated system which comprised of a network of CCTV cameras and motion detection devices, customised for the purpose of monitoring vehicular traffic throughout the airport and preventing collision	Planning the layout of surveillance equipment throughout the customer's premises Configuration of the sensitivity of surveillance equipment	25.5	December 2015 to April 2017	25.5
3	P21	***Customer O*** — Electric power company based in Korea whose shares are listed on the Korea Exchange and New York Stock Exchange	Provision of an in-house broadcasting system which comprised of network connectivity elements such as high definition cameras, switchers and multi-function camcorders to capture and transmit data	Planning the layout of broadcasting equipment and the related backbone network Configuration of broadcasting equipment to ensure the stability and efficiency of the system and the quality of audio being transmitted	18.6	November 2015 to April 2016	18.8
4	P22	***Customer P*** — A non-profit organisation subsidised by the Korean government engaged in the provision of post-production facilities and equipment for the making of video contents such as animations and films	Provision of an integrated system comprised of a network of three dimensional video projectors, servers and work station customised for supporting post-production works on video contents	Configuration of the customer's network to achieve a data transmission speed of up to 10 Gbps Optimisation of storage management software to enable the storage of video data with resolutions of more than 2160p	16.3	April 2016 to May 2016	16.3
5	P23	***Customer Q*** — Financial services provider based in Korea engaged in the provision of insurance and other financial services whose shares are listed on the Korea Exchange	Provision of a data processing network with cloud computing and security elements for the purpose of establishing network separation to enhance data security for the customer	Achieving network separation by configuring the relevant software, virtualisation servers, network switches and other related equipment to identify certain devices on the network as secured devices and preventing from being accessed by external users	14.3	March 2016 to December 2016	14.3

Rank	Project code	Customer	Project nature	Customisation works involved	Aggregated contract value	Commencement/ expected completion date	The estimated total contract value for the uncompleted work of our system integration projects after the Track Record Period
					(approximately HK$' million) *(Note)*		*(approximately HK$' million)*
6	P24	***Customer M*** **—** Surveillance solutions provider based in Korea	Provision of a network of CCTV cameras, network equipment and servers with cloud computing, network connectivity and security elements for crime prevention purpose in the Baegot area of Sihueng City. The system we provided comprised of a network of surveillance cameras and a communication network to enable the customer to receive video data from these surveillance cameras.	Planning the layout of CCTV cameras and related security equipment throughout the vulnerable areas of Sihueng City Configuration of central control system for CCTV cameras, motion and hazard detection systems, data backup systems and the access permissions to the stored data	9.9	February 2016 to February 2017	9.9
7	P25	***Customer R*** **—** Korean government entity responsible for operating national defense related IT systems	Provision of a central network management system for a building of the customer which monitors localised networks of various parts of the building	Mapping of the network devices and configuration of device pairing protocols Configuration of the sensitivity of the alarms of the network monitoring protocols	8.9	February 2016 to May 2016	8.9
8	P26	***Customer S*** **—** Korean government entity engaged in television and radio broadcast of traffic news and other media contents in the Seoul area	Provision of an integrated system for the purpose of storing, archiving and managing the television contents of the customer	Customisation of storage methods and configuration of data back-up solutions and fail-safes to ensure the smooth relocation of the customer's headquarters to a new building without causing any interference to its 24-hours continuous live broadcast service	8.2	April 2016 to November 2016	8.2
9	P27	***Customer T*** **—** An affiliate of a pharmaceutical company based in Korea whose shares are listed on the Korea Exchange	Provision of a data traffic management system with network connectivity and security elements which comprised of network switches and modular server equipment, and was integrated for the purpose of enhancing the efficiency and versatility of the data storage system of the headquarters of a pharmaceutical company based in Korea whose shares are listed on the Korea Exchange. The modular design of the system we integrated enables the end-user to adapt various different network management and connectivity modules without having to overhaul its system.	Configuration of task prioritisation settings to ensure that important data takes priority in the data transmission channel Configuration of the sensitivity of the intrusion detection protocols of the security elements of the system Configuration of the network identity of each individual equipment within the network	5.9	January 2016 to February 2016	5.9
10	P3	***LG CNS Co., Ltd*** **—** IT service provider based in Korea	CCTV surveillance and security management system project for an underground railway line of an urban railway operator in Kuala Lumpur which involved the provision of an integrated system which captures and sends video signals from cameras installed on tracks and railway stations to a control centre via both wired and wireless networks in real time	Planning the layout of CCTV equipment and other security equipment on (i) railway tracks to enable train drivers to have a clear view when the trains are approaching the stations to prevent accidents and (ii) throughout the railway stations for crime prevention purpose. Configuration of protocols for data transmission equipment, intruder recognition protocols and sensitivity of security equipment	40.0	May 2013 to July 2017	4.8

Note: The aggregated contract value as stated in the relevant agreement(s) denominated KRW and translated in to HK$ based on the exchange rate as at 31 December 2015, except for project codenamed P3 (a project brought forward from 2014) which is translated using the average exchange rate for the year ended 31 December 2014.

System integration project workflow

The chart below illustrates the typical project workflow of our system integration projects:



The table below describes the details of each step in the above workflow:

Project identification	Our sales and marketing team identifies opportunities from various sources. Please refer to the paragraph headed "Sales and marketing" in this section for further details.
Site visit	After discussion with the customer, we would form a project team comprising of sales persons and engineers, which would be led by a senior engineer. The project team size would normally range from 3 to 17, depending on factors including size, duration and complexity of the project. The project team would perform an analysis on the potential customer's requirements and site visits to identify potential issues in the project and gather necessary technical data where applicable.

Proposal preparation and submission

Based on the analysed results and the retrieved technical data, our project team would draw up a detailed project proposal for our customers' consideration. For public projects, we are generally required to submit our proposals through the PPS website. The proposals we submit would typically include (i) our offer price; (ii) a method statement that specifies with technical detail on how we plan to carry out the project; (iii) a list of our qualifications; and (iv) the qualifications of the members of our technical teams responsible for the project. For private projects, we generally provide quotation for our service to potential customers via e-mail or submit fee proposals through their website. For details of our quotation preparation, please refer to the paragraph headed "Pricing policy" in this section.

Project implementation

our project team will perform a second site visit to confirm the feasibility of the proposal and provide additional advice to customers. The project team will then source the required equipment and if necessary, arrange subcontractors for the project.

when the equipment are physically in place, our team would analyse the software and network environment of the customer to understand its capabilities and performance parameters. Our team would then configure the components in the system to meet the customer's requirements.

during project execution, our project manager would carry out site inspection on a regular basis. Our project team would hold regular meetings with customers to follow up with the project progress and solve the issues encountered, and ensure the site work comply with all statutory requirements.

Upon completion of the works, the project execution team would run tests on the integrated systems to look for potential defects and remedy. Our customer would then examine the work done and issue a written acceptance.

After sales service	A 12-month warranty period would generally offer to our system integration projects. For projects with larger size, a longer warranty period may be offered upon our customers' requests. During the warranty period, we generally would carry out problem diagnostics and bugs and technical error fixes without any additional costs.

Duration of system integration project

The duration of our system integration project may vary due to a wide range of factors including scope of work, technical complexity and requirements of customers. During the Track Record Period, the duration of our system integration project falls within the range of approximately one week to 36 months (with the majority of the projects completed in the same year of signing). Project duration may occasionally be lengthened due to changes requested by our customers. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any claim or termination for delay which would have had a material impact on our business, financial condition or results of operations.

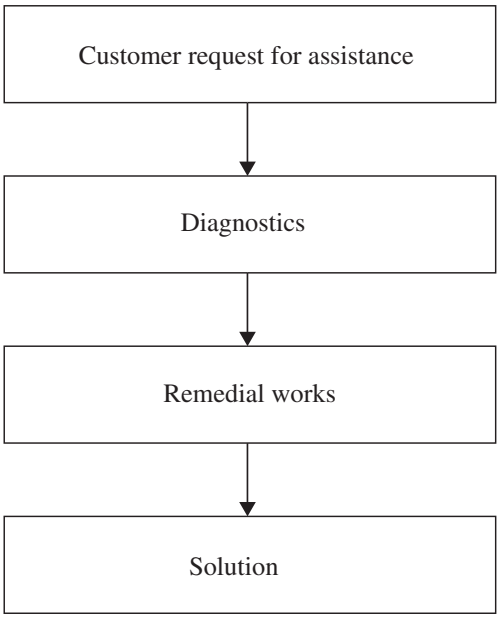
(II) MAINTENANCE SERVICE

We offer maintenance service to our customers in relation to the systems integrated by us and those integrated by other service providers. We are generally engaged by our customer for a term of one year on a fixed monthly fee. Our maintenance service enables our customers to keep their systems in good condition by identifying and resolving technical issues relating to the hardware and software components of the systems.

We conduct regular check-ups on our customers' systems to identify potential technical issues. Along with these check-ups, we would help our customers install and integrate newly released or upgraded software patches, which may contain bug fixes, new features and minor enhancements to the customer's systems. We also provide user training in respect of these enhancements and changes. In responding to the technical issues faced by our customers, after we assess the complexity and seriousness of the issues, we may deploy our technical staff to provide on-site support when deemed necessary. The on-site support we provide includes the execution of fault diagnostics and repair works from engineers. From time to time, we may also be required to deploy our technical staff to our customers' site to provide continuous on-site support to monitor the operations of our customers' system.

Maintenance service workflow

The chart below illustrates the typical workflow of our maintenance service:



Customer request for assistance	Once our customers encounter a problem with their systems, they would contact our engineers through telephone or email.
Diagnostics	Our technical staff would perform diagnosis by gathering system log or remote access to our customer's system.
Remedial works	If the problems cannot be solved remotely, our technical staff would perform on-site support. We target to arrive at the designated place within two hours and resolve the technical problems within four hours of receiving a call that warrants our physical presence.
Solution	In case of software maintenance, we would recommend and provide solutions to our customers. In case of hardware maintenance, we generally would provide our customers with replacement when the malfunctioning hardware is under repair off-site and send the malfunctioning hardware to the manufacturer. We would also handle assembly and logistics regarding the malfunctioning hardware on behalf of our customers. Once the problems are solved, we would prepare a maintenance report to the relevant customer.

CUSTOMERS, SALES AND MARKETING

Customers

We had served over 300 and 400 customers for each of the two years ended 31 December 2015, respectively. Owing to the fact that our system integration can be applied to various industries, we have a diverse base of customers ranging from small and medium enterprises to multinational corporations and government-owned entities.

Through our 19 years of service in the industry, we have established a solid track record of delivering integrated systems to our customers. For each of the two years ended 31 December 2015, we had served 233 and 281 recurring customers, respectively. Recurring customers are the customers who had engaged us for our service under separate engagement(s) in the past financial years and the revenue generated from these customers accounted for approximately 79.1% and 74.6% of our total revenue for each of the two years ended 31 December 2015, respectively.

For each of the two years ended 31 December 2015, the revenue from our five largest customers accounted for approximately 25.0% and 23.4% of our total revenue, respectively; and our largest customer accounted for approximately 8.4% and 6.1% of our total revenue, respectively.

Our Directors confirm that none of our Directors, their respective close associates or, so far as our Directors are aware, our existing Shareholders who own more than 5% of the share capital of our Group, has any interest in any of the five largest customers of our Group during the Track Record Period.

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

Customer	Principal business	Systems/services provided	Revenue from the customer	% of our Group's total revenue	Year(s) of relationship with our Group as at the Latest Practicable Date
			(approximately HK$' million)	*(%)*	*(approximate)*
Customer A	Entity owned by the Korean government principally engaged in the natural gas business	Integrated systems	37.3	8.4	6 years
SK Broadband Co., Ltd.	Telecommunications company based in Korea	Integrated systems and maintenance service	21.9	5.0	16 years
Customer B	Wireless telecommunications operator based in Korea	Integrated systems	18.5	4.2	1 year
Customer C	Financial services institution based in Korea	Integrated systems	18.0	4.1	1 year
Customer D	An entity owned by the Korean government principally engaged in the management of agricultural and fisheries related industries of Korea	Integrated systems	14.5	3.3	11 years
Total			110.2	25.0	

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

Customer	Principal business	Systems/services provided	Revenue from the customer	Percentage of our Group's total revenue	Year(s) of relationship with our Group as at the Latest Practicable Date
			(approximately HK$' million)	*(%)*	*(approximate)*
Customer E	Network product and service provider based in Korea	Integrated systems and maintenance service	31.5	6.1	1 year
Incheon International Airport Corporation	Airport operator based in Korea	Integrated systems	29.4	5.7	1 year
SK Broadband Co., Ltd.	Telecommunications company based in Korea	Integrated systems	27.7	5.4	16 years
Customer F	Korean government entity responsible for the allocation and maintenance of IP address space and domain names, and the general security of the public internet of South Korea	Maintenance service	17.6	3.4	1 year
LG CNS Co., Ltd.	IT service provider based in Korea	Integrated systems	14.6	2.8	13 years
Total			120.8	23.4	

Sales and marketing

As at the Latest Practicable Date, we had over 40 sales and marketing team members who are headed by Mr. Suh and Mr. Lee. Our sales and marketing team is actively engaged in identifying prospective customers and managing existing customers. We identify opportunities through regular discussion with and visits to our existing customers to understand their needs. We also cooperate with our suppliers for marketing seminars and activities to identify prospective customers. For system integration projects from public entities, we locate information from the website of PPS, where the relevant public entities would initiate the bidding process by uploading the tender invitations for prospective projects.

During the Track Record Period, approximately HK$122.7 million and HK$133.8 million of our revenue were derived from public entity projects obtained through tendering, representing approximately 27.8% and 25.9% of our total revenue for each of the two years ended 31 December 2015, respectively.

The following table illustrates our Group's success rate of bidding proposals for public entities system integration projects, which required the submission of formal bidding proposals:

	For the year ended 31 December 2014	For the year ended 31 December 2015
Number of bidding proposals submitted	39	66
Number of successful bidding	30	47
Success rate of bidding proposals (%) *(Note)*	76.9%	71.2%

Note: Success rate of bidding proposals is calculated by total number of bidding proposals awarded over total number of bidding proposals submitted by our Group during the applicable year.

For system integration projects with private enterprises, to the best knowledge of our Directors, the market practice in awarding contracts is that the customer would select the IT company that presents the best fit system integration proposal to its needs and to commence price negotiation with such IT company to conclude the contract.

Major terms of engagement with our customers

Depending on the requests of our customers and the outcome of negotiations, terms and conditions may vary from contract to contract. General terms of engagement with customers in respect of system integration and maintenance service projects are set out below.

System integration projects

Scope of work and specifications	Services to be performed by us and customer's requirements
Delivery schedule	Date of which we are required to deliver our integrated systems to our customers
Payment terms	Our service fees are generally charged on a fixed-price basis and due upon the customer acceptance of the works For projects with larger contract sum, our customer may be required to pay us a portion of the total contract sum upon the completion of each milestone step of the project in accordance with the payment schedules stipulated in the contract

	Retention money provisions generally do not appear in our contract with customers. However, in the Incheon International Airport project, a portion of each of the milestone payments was withheld by the customer to secure the due performance of our obligations under the contract. The retention monies will be released upon completion of the whole project
	We normally require our customers to pay us within 90 days from the invoice date. Invoices would generally be issued to customers upon the completion of our work and the receipt of written acceptance in respect of the work handled by us. In some system integration projects, the work handled by us only forms part of the customer's entire system as the customer also engages other contractors to handle the system integration work for other portion of the system. In such case, we will issue our invoice upon completion of our work but the customer usually pays only after every contractor finishes their respective work and the customer has tested the functioning of the entire system. For details, please refer to the paragraph headed "Description of certain items of combined statements of financial position — Trade receivables" under the section headed "Financial Information" in this document
Warranty period	Warranty period of 12 months may be offered to our customers. Our warranty covers minor rectification and configuration work to the system. In addition, for system components, we generally have warranty from our suppliers. Please refer to the paragraph headed "Suppliers" in this section for further details
Performance guarantee	In order to secure the due and timely performance of our obligations, certain customers may require us to pay a contract guarantee in cash or take out contract guarantee bonds issued in favour of them. Generally, the amount of performance guarantee required for each project would generally be 10% of the total contract sums
Delay penalty	We may be required to compensate our customer if we fail to deliver our integrated systems within the agreed time frame
Termination	Our customers generally have the right to terminate the relevant contracts if we fail to deliver integrated systems that meets the customers' requirements on time

Maintenance service

Scope of work	Generally include the provision of on-site support services, regular check-ups and maintenance related services
Delivery schedule	Our maintenance service are generally offered for a term of one year. We may also offer maintenance services of different lengths
Payment terms	Fixed monthly payment
Termination	Our maintenance service term contracts can generally be terminated by either party giving the other party a prior written notice

Pricing Policy

Our pricing is determined on a project-by-project basis. In preparing a quotation, typical factors taken into account include site conditions, prices as quoted by our suppliers and/or subcontractors, human resources, duration of the project and other factors. We prepare our quotation based on our cost estimates (which mainly include costs of the hardware and software components and/or subcontractors) plus a mark-up margin with reference to historical fees we received from similar projects, expected competition from the market and the prevailing market rates.

Credit policy

We generally grant our customers a credit period of 90 days from the date of invoice. During the Track Record Period, payments from our customers were settled in either KRW or USD (for our overseas project) and were generally settled by bank transfer. Please refer to the paragraph headed "Quantitative and qualitative disclosures about market risks — Credit risk" under the section headed "Financial Information" in this document for further details on how we manage our credit risk. Save for the impairment provision of HK$1.3 million and HK$1.4 million (which represented approximately 1.3% and 1.5% of the net trade receivables as at 31 December 2014 and 31 December 2015, respectively) made for each of the two years ended 31 December 2015, respectively, our Group did not have any bad debt or provision made for our trade and other receivables during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any delay or default of payment by our customers that would have had a material impact on our business, financial condition or results of operations. Further, our Directors are not aware of any financial difficulties experienced by any of our major customers which may materially affect our business.

For each of the two years ended 31 December 2015, our average trade receivable turnover days were approximately 85.5 days and 70.6 days, respectively, which fall within the general credit period we granted to our customers.

Seasonality

Based on our past experience, our Directors note that revenue attributable to our system integration business for the first half of the year usually accounts for around 40% and the second half contributes 60% of the amount for the whole year.

SUPPLIERS

We procure hardware and software for our projects. The hardware components we procure from suppliers may include servers, storage, network equipment, CCTV surveillance and notification systems. The software components we procure may include virtualisation software, data center firewalls or other data intrusion detection and protection solutions for devices. We negotiate the price and terms with all of our suppliers on an arm's length basis and on normal commercial terms. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material fluctuations in the costs of procurement which would have had a material impact on our business, financial condition or results of operations.

For each of the two years ended 31 December 2015, our cost of hardware and software components was approximately HK$281.1 million and HK$375.8 million, respectively. Please refer to the subparagraph headed "Cost of sales — Sensitivity analysis" under the section headed "Financial Information" for the sensitivity analysis of the estimated increase/decrease of our profit before tax in relation to the general percentage changes to the cost of hardware and software components.

In addition, our suppliers generally have repair and replacement policies in respect of the products supplied. However, our Group was not aware of any return of products during the Track Record Period. If any defects are detected, we can contact the suppliers for replacement.

Despite our stable relationship with the suppliers, we believe that it is not difficult for us to find alternative suppliers in the industry. During the Track Record Period, we did not experience any material shortage or delay in receiving products from our suppliers.

Agreements with suppliers

During the Track Record Period, all payments to suppliers were settled in either KRW or USD and were generally settled by bank transfer within 90 days from the invoice date. During the Track Record Period, our purchases which were settled in USD amounted to US$6.0 million and US$7.0 million, accounting for approximately 16.7% and 14.5% of our purchases, respectively. The following sets out the principal terms and conditions in the contracts with our suppliers:

Items list and specification	Sets out the quantities and specifications of the products we ordered
Delivery	Generally to a designated location within a specified time after the contract has been entered into
Payment terms	Generally within a specified number of days after the acceptance of products or within a specified number of days after we have received the payment from our customer in the relevant project
Software usage restriction	Non-exclusive and non-transferrable licence to use the software we purchased
Copyright of software	Generally reserved by the supplier
Termination	We generally have the right to terminate if our suppliers fail to deliver products which meet our requirements and/or if our suppliers fail to deliver the relevant products on time

During the Track Record Period, our Group did not enter into any long term agreement with our five largest suppliers.

Selection of supplier

We maintain a list of approved suppliers. New suppliers may also be identified by us based on referrals and publicly available information found on the internet and product catalogues. We select suppliers based on our past experience working with them, their reputation in the industry, specification of their hardware and software components, quality of their after sales service and price.

Our five largest suppliers

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

Supplier	Principal business	Hardware and software components sourced	Transaction amounts	Percentage of total costs of hardware and software components	Year(s) of relationship with our Group as at the Latest Practicable Date
			(approximately HK$ million)	*(%)*	*(approximate)*
Palo Alto Network Inc.	Network and application security company based in the U.S.	Firewalls and data intrusion detection and protection solution for network environments	27.5	9.8	2
Supplier A	Telecommunication company based in Korea principally engaged in the operation of networks and the distribution of network equipment	Servers, storage devices, network equipment, virtualisation software and firewalls	17.6	6.2	9
Brocade Communications Systems Inc.	Data storage and networking products provider based in the U.S.	Servers, storage devices, network equipment, virtualisation software	15.4	5.5	14
Ebraintech Co., Ltd.	System and network solution provider based in Korea	Servers, storage devices, network equipment, virtualisation software and firewalls	13.5	4.8	1
Youngwoo Digital Co., Ltd.	Intergrated IT solutions provider based in Korea	Servers, storage devices, network equipment, virtualisation software and firewalls	10.9	3.9	1
Total			84.9	30.2	

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

Supplier	Principal business	Hardware and software components sourced	Transaction amounts	Percentage of total costs of hardware and software components	Year(s) of relationship with our Group as at the Latest Practicable Date
			(approximately HK$ million)	*(%)*	*(approximate)*
Palo Alto Network Inc.	Network and enterprise security company based in the U.S.	Firewalls and data intrusion detection and protection solution for network environments	40.0	10.6	2
Supplier B	Procurement service provider based in Korea	Servers, storage devices, network equipment	22.8	6.1	1
Brocade Communications Systems Inc.	Data storage and networking products provider based in the U.S.	Servers, storage devices, network equipment, virtualisation software	15.1	4.0	14
Supplier C	Cloud service and network equipment provider	Servers, storage devices and network equipment	13.3	3.5	10
Supplier A	Telecommunication company based in Korea principally engaged in the operation of networks and the distribution of network equipment	Servers, storage devices, network equipment, virtualisation software and firewalls	11.6	3.1	9
Total			102.8	27.3	

During the Track Record Period, purchases from our five largest suppliers accounted for approximately 30.2% and 27.3% of our total cost of hardware and software components for each of the two years ended 31 December 2015, respectively, and purchases from our largest supplier accounted for approximately 9.8% and 10.6% of our total cost of hardware and software components for each of the two years ended 31 December 2015, respectively.

All of our five largest suppliers are independent third parties. None of our Directors, their close associates, or any of our current Shareholders who, to the best knowledge of our Directors, own more than 5% of the share capital of our Group, has an interest in any of our five largest suppliers during the Track Record Period.

To the best knowledge and belief of the Directors, none of our five largest customers during the Track Record Period was also a supplier of our Group.

SUBCONTRACTORS

Depending on the complexity of the project, we may engage subcontractors to handle some construction works and/or ancillary installation of the hardware components of our systems. For some of our projects located in distanced cities, we may also engage subcontractors based within the vicinity of the project sites.

For each of the two years ended 31 December 2015, our subcontracting costs were approximately HK$79.0 million and HK$38.1 million, respectively. Please refer to the subparagraph headed "Cost of sales — Sensitivity analysis" under the section headed "Financial Information" for the sensitivity analysis of the estimated increase/decrease of our profit before tax in relation to the general percentage changes to our subcontracting costs.

Selection of subcontractors

We select our subcontractors on a project-by-project basis, mainly based on our assessment of their (i) awareness of end-user requirement; (ii) financial stability; and (iii) technical abilities. We regularly review and update our internal approved list of subcontractors based on our evaluation.

Our five largest subcontractors

During the Track Record Period, subcontracting payment attributable to our five largest subcontractors collectively accounted for approximately 85.8% and 76.8% of our total subcontracting fee, respectively. Payment made to the largest subcontractor accounted for approximately 34.8% and 24.0% of our total subcontracting fee in each of two years ended 31 December 2015.

The following tables set out the profiles of our five largest subcontractors for the Track Record Period, all of which are based in Korea:

For the year ended 31 December 2014

Subcontractor	Principal business	Main services sourced	Aggregate subcontracting fee	% of total subcontracting fee	Years of relationship as at the Latest Practicable Date
			(approximately HK$ million)	*(%)*	*(approximate)*
Coreinfra Co., Ltd.	Wired and wireless network, security, video integrated control solution service provider based in Korea	Installation of CCTV cameras, network equipment, amplifiers and micro-phones	27.5	34.8	1
Subcontractor A	Physical security, integrated security, IT security and building management solution provider	Installation of building management network facilities, CCTV cameras, intrusion detection devices and other physical security facilities	24.6	31.2	2
BJS & Company Co., Ltd.	Broadcasting equipment and systems provider	Installation of audio and broadcasting equipment	6.9	8.7	1
Subcontractor B	Network and location monitoring equipment provider	Installation of CCTV cameras and surveillance system	4.8	6.0	1
Subcontractor C	Integrated security equipment provider	Installation of CCTV cameras, access control monitoring equipment and related physical security equipment	4.0	5.1	1
			67.8	85.8	

For the year ended 31 December 2015

Subcontractor	Principal business	Main services sourced	Aggregate subcontracting fee	% of total subcontracting fee	Years of relationship as at the Latest Practicable Date
			(approximately HK$ million)	*(%)*	*(approximate)*
Subcontractor D	Communication and CCTV network construction service provider	Installation of CCTV cameras, network equipment, amplifiers and microphones	9.2	24.0	1
Subcontractor E	IT infrastructure construction service provider	Installation of network switches	8.2	21.6	1
Subcontractor F	Sea-borne navigation equipment provider	Installation of meteorological sensors	4.5	11.7	1
Subcontractor G	Audio and broadcasting equipment provider	Installation of audio and broadcasting equipment	3.9	10.2	1
Subcontractor H	Network solutions provider	Installation of network equipment	3.5	9.3	16
			29.3	76.8	

All of our five largest subcontractors are independent third parties. None of our Directors, their respective close associates or any Shareholders (which to the best knowledge of our Directors) who owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date had any interest in our five largest subcontractors during the Track Record Period.

Control over subcontractors

In a typical project, we send our own personnel to the work site to supervise the works performed by our subcontractors, and also to review the subcontractors' works on an on-going basis to ensure that the subcontractors' works conform to our requirements. Such supervision and review procedures include explaining to and discussing with the subcontractors on the details of the works before commencement of site works and during regular site meetings to enable them to understand and comply with our requirements.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any incident whereby our subcontractor under-performed in completing our required services which would have had a material impact on our business, financial condition or results of operations. Our Directors also confirm that we had no dispute with our subcontractors which 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.

Selection of subcontractors

We maintain a list of approved subcontractors. Same as suppliers, we identify new subcontractors based on referrals and publicly available information found on the internet and product catalogues. We select subcontractors based on our past experience working with them, their reputation in the industry and price.

Materials

Materials involved in our subcontractors' scope of works are generally sourced by our subcontractors and the costs involved are included in the subcontracting fee. Common materials used in our projects sourced by subcontractors include cables, optical fibre connectors and patch panels.

Major terms of subcontracting agreement

The contractual terms and engagement period with our subcontractors vary in accordance with the main contracts with our customers. The following sets out the principal terms in the contracts with our subcontractors:

Scope of work and specifications	services to be performed by subcontractors and our requirements are usually set out in the contract
Delivery schedule	date of which subcontractors are required to deliver their services to us
Payment terms	subcontracting fees may be charged on a fixed-price basis upon the completion of certain milestones in accordance with the payment term of the contract or by full payment upon completion
	we may be required to provide a prepayment prior to the commencement of works
	we normally pay our subcontractors within 30 days from the invoice date or within a specified number of days after we have received the payment from our customer in the relevant project
Warranty period	warranty period of generally 12 months or 24 months may be offered by our subcontractors
Termination	the termination conditions are generally similar with those found in the contracts between us and our customers for the same project

During the Track Record Period, payments to subcontractors were generally settled in KRW and were generally settled by bank transfer within 90 days from the invoice date.

INVENTORY MANAGEMENT

Due to the large variety of hardware and software components that we purchase and the pace of which the relevant technologies evolve, 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. Normally, we pay our suppliers within a month after the supplier's confirmation of our purchase orders. We usually hire a logistics company for the delivery of products to the customer site and we usually pay for transportation and insurance.

QUALITY CONTROL

We have in place a quality management system which includes guidelines for documenting work performed and reviewed by various team members in different stages of a project.

Once a project has been commenced, our project managers will closely monitor the progress of the project to ensure that it meets our customers' requirements and is completed within time scheduled. Project manager communicates regularly with our senior management to report the schedule and the work done of the project. Our project 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 engineers.

EMPLOYEES

As at Latest Practicable Date, we had 183 employees and a breakdown of our employees by functions is set forth below:

Function	Number of employees
Management	9
Sales and Marketing division	
- Public division	10
- Private division	33
- General support	2
Technical division (engineers)	
- Execution team	120
- Research and development team	5
Finance and administration	4
Total	183

We entered into labour contracts with our employees in accordance with the applicable labour laws of Korea. The employee benefit offered to employees generally includes medical insurance and pension contribution. We generally recruit new staff members based on the needs of our projects on hand. In order to maintain our service quality, we provide our employees with regular technical trainings.

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.

LICENCES

The following table sets out our Group's major licences as at the Latest Practicable Date:

Qualification	Relevant authority	Expiration date	Applicable law[Note 1]	Permission
Information and Communication Construction Business Operator	Mayor of Seoul City	N/A[Note 2]	ICCB Act	Undertake construction works which involve instalment and maintenance of information communications equipment.
Software Business Operator	Korean Software Industry Association	N/A[Note 2]	SIP Act	Participate in bidding process for software related business projects initiated by public entities

Notes:

1. Please refer the section headed "Regulatory Overview" in this document for further details of the relevant regulatory requirements.

2. The qualifications as an Information and Communication Construction Business Operator and Software Business Operator, once certified, are not subject to expiry until cessation of business or no longer meeting the relevant regulatory requirements.

As advised by our Korean Legal Advisers, all of the above mentioned licences remained valid as at the Latest Practicable Date and there are no major legal impediments for us to renew any of the above licences.

LEGAL COMPLIANCE AND LITIGATION

As advised by our Korean Legal Advisers, during the Track Record Period and up to the Latest Practicable Date,

- we obtained all the relevant approvals, permits, licences and certificates for conducting our business in Korea. All such approvals, permits, licences and certificates remain valid;
- we were in compliance with all applicable laws, rules and regulations of Korea in relation to our business and operation in all material respects;
- there was no pending legal proceeding by or against us and we were not subject to any prosecution for any offences, violations or breaches of laws, rules and regulations in Korea in respect of our business and operations.

In respect of the security system project for an underground railway line in Kuala Lumpur, Malaysia (i.e. the project codenamed P3 in the paragraph headed "1. System Integration — Our top 10 projects" in this section), our Malaysian Legal Advisers confirmed that our Group's operations for such project are in compliance with applicable laws, rules and regulations in Malaysia.

AWARDS AND RECOGNITIONS

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 works. The following table sets forth examples of awards and recognitions we have received:

Name of award/recognition	Granted by	Year awarded
Awards		
National Partner of the Year	Palo Alto Network Inc.	2013
Partner of Excellence	A sizeable computer hardware manufacturer based in the U.S.	2015
Platinum CSA Partner	A sizeable IT solutions provider based in the U.S.	2015
Recognitions		
Technologically Innovative Small and Medium Sized Company	Small and Medium Business Administration Office of Korea	2014
Company-Affiliated R&D Laboratory	Korea Industrial Technology Association	2015
ISO 9001:2008	ISO	2015

MARKET AND COMPETITION

According to Frost & Sullivan Report, the Korean system integration market is highly fragmented and competitive, with over 600 market participants in 2015. The market share of the system integration industry in Korea can be classified into three categories, namely conglomerate groups, large size companies, and small and medium size companies with market share of 27.8%, 34.7% and 37.5% in 2015, respectively. Our Group belongs to the category of small and medium size companies in 2015.

Our Directors consider that there are entry barriers to the system integration market in Korea, including: (i) strong technical knowledge; (ii) well established track record; and (iii) working capital requirement. We believe that our competitive strengths have contributed to our success. As such, even though competition within the system integration industry in Korea is highly intense, we are confident that we are able to withstand the competition with our competitive strengths. Please refer to the paragraph headed "Our Competitive Strengths" in this section for further details.

INTERNAL CONTROL

Our Directors are responsible for monitoring our internal control system and reviewing its effectiveness. Our independent internal control consultant performed an assessment on our internal control systems including reviewing guidelines and policies which are implemented through our operational process. No material deficiency and ineffectiveness on the internal control system had been identified by our internal control consultant.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Our Directors believe that corporate governance and risk management are crucial to the development and success of our business. Therefore, we have adopted corporate governance measures and risk management measures in various aspects of our business operations such as financial reporting, legal compliance, information system and premises safety and human resources management.

Corporate governance

In terms of corporate governance, our Group has, *inter alia*, (i) designated our compliance officer to assist our Board to oversee and monitor due compliance with laws, rules and regulations applicable to our Group; (ii) 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 our Shareholders; (iii) established an audit committee to assist our Board in providing independent view on the effectiveness of our financial reporting process and internal control and risk management systems, and overseeing the audit process; (iv) appointed Shenwan Hongyuan as our compliance adviser in accordance with the applicable GEM Listing Rules; and (v) provided (and will continue to provide) our Directors and senior management with training, development programs on applicable legal and regulatory requirements from time to time.

Risk management

We recognise the need for risk management in our strategic and operational planning, day-to-day management and decision making process and are committed to managing and minimising risks by identifying, analysing, evaluating and mitigating risk exposures that may impact the continued efficiency and effectiveness of our operations or prevent it from achieving its business objective.

The risk management process of our Group is coordinated and facilitated by our compliance officer. The objectives of risk management are to, *inter alia*, enhance our Company's governance and corporate management processes as well as to safeguard our Group against unacceptable levels of risks and losses.

The risk management process of our Group will involve, *inter alia*, (i) an annual risk identification exercise which involves assessment of the consequence and likelihood of risks (including documenting those of potentially high impact) and the development and/or review of risk management plans for mitigating such risks; (ii) testing of documented risk management procedures at approval intervals; and (iii) ensuring that our staff and other stakeholders have access to appropriate information and training in the area of risk management.

We are also exposed to market risks from changes in market rates and prices, such as interest rates, credit, foreign exchange and liquidity. Please refer to the paragraph headed "Quantitative and qualitative disclosures about market risks" under the section headed "Financial Information" in this document.

Based on the above, our Directors are of the view that our Company has adequate corporate governance measures and risk management procedures in place for the business operations of our Group.

INSURANCE

Set out below are the types of insurance policies maintained by our Group during the Track Record Period:

- *Mandatory labour related insurance policies* — As further particularised in the section headed "Regulatory Overview" in this document, we are required to make contributions to mandatory labour related insurance policies for employees. Our Group is insured under the four major social insurance schemes for our employees and has paid all mandatory labour related insurance.

- *Accident insurance and life insurance policies* — Our Group has maintained group personal accident insurance policies covering injury or death of directors and employees, and four life insurances premiums with respect to the accident insurances and life insurances.

- *Directors and officers liability insurance policies* — Insurance policies in favour of Global Telecom covering the risk of legal action brought against Global Telecom for the alleged wrongful acts of Global Telecom's directors in their capacity as directors and officers.

- *Fire insurance and mandatory automobile insurance policies* — Our Group has maintained fire insurance policies for our premises and mandatory automobile insurance policies for our owned vehicles.

For each of the two years ended 31 December 2014 and 2015, our insurance expenses were approximately HK$0.6 million and HK$0.6 million, respectively. We consider our insurance policies to be adequate and in line with the industry norm.

OCCUPATIONAL SAFETY

Our Directors are of the view that safety management is a vital part of our business as some of our projects may involve high risk activities such as carrying out installation works which exposes our staff and/or our subcontractors' staff to electrical hazards, at heights or in confined space. As such, safety is treated as our highest priority and we are committed to providing a safe and healthy working environment for the benefit of our staff and subcontractors of all tiers. Our safety policies cover specific safety measures for different high risk activities. Summarised below are the key aspects of our safety measures:

- prior to the commencement of the relevant projects involving high risk activities, we would prepare a safety plan for the project;

- we also provide our subcontractors with our safety plans and require them to follow the safety plans strictly when carrying out high risks activities;

- prior to the commencement of high risk activities, our workers and/or workers of our subcontractors would attend safety trainings/briefings provided by us and such trainings/briefings would be repeated regularly throughout the project to keep our workers and/or workers of our subcontractors informed of the important safety concerns; and

- our staff would also inspect the sites regularly to ensure that the relevant safety requirements are met.

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

RESEARCH AND DEVELOPMENT

In some of our system integration projects, we may face novel situations which require the technical support from our research and development department to meet our customer's requirements. We therefore rely on our laboratory to support our system integration projects. Our laboratory has received certification from the Korea Industrial Technology Association as a Company-Affiliated R&D Laboratory in 2015 which entitles us to apply for certain tax benefits in our annual assessment. As at the Latest Practicable Date, our research and development team consisted a total of five personnel. For further details of their qualifications, please refer to the section headed "Directors and Senior Management" in this document.

For each of the two years ended 31 December 2015, we incurred research and development expenses of approximately HK$2.4 million for each year, which accounted for approximately 4.9% and 3.8%, of our selling and administrative expenses, respectively. Please refer to Note 3.14 to our financial information included in the Accountants' Report in Appendix I to this document for further details on our accounting policies in relation to research and development costs. During the Track Record Period and up to the Latest Practicable Date, we did not enter into any cooperation agreements with any parties in relation to research and development.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group registered the following material intellectual property rights in Korea that are material to our business:

Intellectual property	Registered
Service marks	1
Copyright	1
Domain name	4

As at the Latest Practicable Date, our Group had applied for the registration of one trademark in Hong Kong that is material to our business.

For details of each intellectual property that our Group had registered, please refer to the paragraph headed "Intellectual property rights" under the sectioned headed "Further Information about the Business of our Group" in Appendix IV to this document.

As at the Latest Practicable Date, 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.

LEASED PROPERTY

Our Group has leased six properties in Korea from independent third parties. Set out below is a summary of our leased premises as at the Latest Practicable Date:

Location	Particulars of occupancy/ purpose	Duration of lease	Rental Fee (KRW)	Rental Fee (approximately HK$)	Gross size (approximately)
14th, 15th Floor, Dukmyeong Building, 625, Teheran-ro, Gangnam-gu, Seoul	Main office	1 March 2015 to 28 February 2020	32,000,000[Note]	224,000	1,354.0m^2
Room 409, Kolon Digital Tower Aston, 212 Gasan digital 1-ro, Geumcheon - gu, Seoul	Branch office (Storage)	12 April 2016 to 11 April 2017	700,000	4,900	79.0m^2
Room 403, Cheonma vill, 72, Gyejok-ro 512 beon-gil, Dong-gu, Daejeon	District office	11 December 2015 to 10 December 2016	400,000	2,800	415.6m^2
Room 1008-704, Skyvill 10, 34, Huinbawi-ro, Jung-gu, Incheon-si	Site office	9 February 2015 to 8 February 2017	650,000	4,550	51.6m^2
Room 202, 5-4, Huinbawi-ro 92 beon-gil, Jung-gu, Incheon	Staff quarters	11 January 2016 to 10 January 2018	1,100,000	7,700	82.0m^2
Room 204, 10, Yangjitteul 3-gil, Wonju-si, Gangwon-do	Staff quarters	11 January 2016 to 10 July 2016	600,000	4,200	50.0m^2

Note: According to the lease agreement dated 22 January 2015, the amount of the monthly rental fee is KRW 28,671,300. Taking into account of i) the exempted 3-months rental fees of each year for the first 2 years; ii) verbal agreement on an additional monthly discount of KRW 2,200,760; and iii) monthly management maintenance fee of KRW 12,697,290.0, the actual paid sum of rental fee and management maintenance fee equals to KRW 32,000,000 per month.

We were using the above leased premises in accordance with the purposes stated in the respective tenancy agreement. We take into consideration revised terms of the contract, the new rental fee and our budget before we decide to renew the lease agreements and to occupy the same premises for our operations. During the Track Record Period, we did not experience any material difficulty in renewing our lease agreements or exploring new premises.

CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion (without taking into account any Shares which may be allotted and issued upon the exercise of any option which has been or may be granted under the Share Option Scheme), each of LiquidTech, AMS, Mr. Phung, Mr. Lee, Mr. Suh, Mr. Park and Ms. Marilyn Tang is or is deemed to be entitled to exercise or control the exercise of 30.0% or more of voting rights at general meetings of our Company. As such, each of LiquidTech, AMS, Mr. Phung, Mr. Lee, Mr. Suh, Mr. Park and Ms. Marilyn Tang is regarded as a Controlling Shareholder.

Save as disclosed above, there is no other person who will, immediately following the completion of the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion (without taking into account any Shares which may be allotted and issued upon the exercise of any option which has been or may be granted under the Share Option Scheme), be or is deemed to be directly or indirectly interested in 30.0% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30.0% or more of the equity in such entity.

ACTING IN CONCERT CONFIRMATION AND UNDERTAKING

During the Track Record Period and up to the Latest Practicable Date, save for the shareholding of Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park in AMS, AMS is owned as to approximately 14.03% by Mr. SG Lee, being a former director of Global Telecom between March 1998 and April 2010 who has approximately 18 years of experience in the information and communications technology industry, 3.40% by Mr. JE Lee, being a former employee of AMS and Datacraft Korea Inc. between 2006 and 2007 and between 2000 and 2002 respectively who has over 16 years of experience in the information and communications technology industry, and 2.35% by Ms. Marilyn Tang, the spouse of Mr. Phung. During the Track Record Period and up to the Latest Practicable Date, neither Mr. SG Lee, Mr. JE Lee nor Ms. Marilyn Tang has participated in any management affair and commercial decision of any member of our Group. Save for being the shareholders of AMS, each of Mr. SG Lee and Mr. JE Lee does not have any relationship with our Company, Directors and Controlling Shareholders.

On 21 June 2016, Mr. Lee, Mr. Park, Mr. Phung and Mr. Suh entered into the Acting in Concert Confirmation and Undertaking, whereby they (i) confirmed that, during the Track Record Period and up to the date of entering into of the Acting in Concert Confirmation and Undertaking, they have (a) acted in concert and collectively for all material management affairs and the arrival and/or execution of all commercial decisions, including but not limited to financial and operational matters, of each member of our Group; (b) given unanimous consent, approval or rejection on any other material issues and decisions in relation to the business of each member of our Group; (c) cast unanimous vote collectively for or against all decisions and resolutions in all meetings of shareholders and directors of each member of our Group; and (d) cooperated with each another to obtain and maintain the consolidated control and the management of each member of our Group; and (ii) have undertaken that, during the period they (by themselves or together with their associates) remain in control (having the meaning ascribed thereto in the GEM Listing Rules) of our Group until the Acting in Concert Confirmation and Undertaking is terminated by them in writing, they will maintain the above acting-in-concert relationship.

RULE 11.04 OF THE GEM LISTING RULES

Each of our Controlling Shareholders, our Directors, our Substantial Shareholders and their respective close associates does not have any interest in a business apart from our Group's business which competes or may compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Our Directors are satisfied that our Group is capable of operating independently of our Controlling Shareholders and after [REDACTED] on the basis of the following information:

Management independence

The day-to-day management and operation of the business of our Group will be the responsibility of all of the executive Directors and senior management of our Company. Our Board has eight Directors comprising five executive Directors and three independent non-executive Directors. Each of Mr. Phung, Mr. Lee, Mr. Suh and Mr. Park, our executive Director, is also the ultimate Controlling Shareholder of our Company. Save for Mr. Phung, Mr. Lee, Mr. Suh and Mr. Park, none of the other Directors nor any members of the senior management is a Controlling Shareholder.

We consider that our Board and senior management will function independently from our Controlling Shareholders because:

(a) each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit of and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest;

(b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant board meetings of our Company in respect of such transactions and will not be counted in the quorum; and

(c) our Company has an independent senior management team to carry out the business decisions of our Group independently.

Operational independence

Our Group has established our own management, finance, human resources, administration, procurement, sales and marketing, quality control departments which are responsible for daily operations of our Group. Our Group has not shared any operational resources, such as office premises, sales and marketing and general administration resources with our Controlling Shareholders and their associates. Our Group has also established a set of internal controls to facilitate the effective operation of its business.

Our suppliers and customers are all independent from our Controlling Shareholders. We do not rely on our Controlling Shareholders or their associates and have our independent access to our suppliers and customers for the provision of services and materials and an independent management team to handle our day-to-day operations.

Financial independence

We have an independent financial system and make financial decisions according to our own business needs. As at the Latest Practicable Date, our Group had certain banking facilities that were secured by personal guarantees given by Mr. Suh, one of our Controlling Shareholders and the representative director of Global Telecom. Such personal guarantees provided in relation to the aforementioned banking facilities will be released upon [REDACTED] and replaced by a corporate guarantee of the Company.

During the Track Record Period, Mr. Suh also provided personal guarantee in support of the guarantee facilities provided by Korea Software Financial Cooperative ("KSFC"). KSFC was established pursuant to the SIP Act for the purpose of promoting the development of the IT industry in Korea. Global Telecom is currently a member of the KSFC. Global Telecom entered into a guarantee liability contract with KSFC on 7 May 2015 to get the performance guarantee which is generally required to be submitted in the bidding procedure, and Mr. Suh, as a representative director of Global Telecom, provided a personal guarantee with respect to the obligations of Global Telecom under such contract. Mr. Suh's personal guarantee has been released and replaced by a pledge of Global Telecom's bank account with cash deposit of not less than KRW 500 million.

During the Track Record Period, AMS provided to Future Data (HK) a loan in the principal amount of US$2.0 million, which was subsequently acquired by SuperChips and capitalised as part of the Reorganisation, further details of which are set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in this document.

In view of the above, our Directors consider that our Group is not financially dependent on our Controlling Shareholders and/or their respective associates in our business operations and our Group is able to obtain external financing on market terms and conditions for our business operations as and when required.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders entered into the Deed of Non-competition in favour of our Company (for ourselves and as trustee for each of our subsidiaries from time to time) on 28 June 2016, under which each of our Controlling Shareholders irrevocably and unconditionally, jointly and severally, warrants and undertakes to our Company (for ourselves and as trustee for each of its subsidiaries) that:

(a) each of our Controlling Shareholders shall not, and shall procure each of his/her/its associates and/or companies controlled by he/she/it, whether on his/her/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or

acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently engaged by our Group (including but not limited to provision of (i) system integration service which carries the elements of network connectivity, cloud computing and security and (ii) maintenance service in relation to the systems integrated by our Group and/or other service providers), in Hong Kong, Korea and any other country or jurisdiction to which our Group markets, sells, distributes, supplies or otherwise provides such products and/or services and/or in which any member of our Group carries on businesses mentioned above from time to time (the "**Restricted Business**"). Each of our Controlling Shareholders has represented and warranted to our Group that neither he/she/it nor any of his/her/its associates is currently interested, involved or engaging, directly or indirectly, in (whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) the Restricted Business otherwise than through our Group;

(b) if each of our Controlling Shareholders and/or any of his/her/its associates is offered or becomes aware of any project or new business opportunity ("**New Business Opportunity**") that relates to the Restricted Business, whether directly or indirectly, he/she/it shall: (i) promptly in any event not later than seven days notify our Company in writing of such opportunity and provide such information as is reasonably required by our Company in order to enable our Company to come to an informed assessment of such opportunity; and (ii) use his/her/its best endeavours to procure that such opportunity is offered to our Company on terms no less favourable than the terms on which such opportunity is offered to him/her/it and/or his/her/its associates; and

(c) if our Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within 30 business days (the "**30-day Offering Period**") of receipt of notice from our Controlling Shareholders, the Controlling Shareholders and/or his/her/its associates shall be permitted to invest in or participate in the New Business Opportunity on his/her/its own accord. Our Controlling Shareholders also agree to extend the 30 business days to a maximum of 60 business days if our Company requires so by giving a written notice to our Controlling Shareholders within the 30-day Offering Period.

In addition, upon [REDACTED], each of our Controlling Shareholders has also undertaken:

(i) in favour of our Company to provide our Company and our Directors (including our independent non-executive Directors) with all information necessary, including but not limited to monthly turnover records and any other relevant documents considered necessary by our independent non-executive Directors, for the annual review by our independent non-executive Directors with regard to compliance of the terms of the Deed of Non-competition and the enforcement of the non-competition undertakings in the Deed of Non-competition;

(ii) to provide to our Company, after the end of each financial year of our Company, a declaration made by each of our Controlling Shareholders which shall state whether or not he/she/it has during that financial year complied with the terms of the Deed of Non-competition, and if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in the annual report of our Company for the relevant financial year, and such annual declaration shall be consistent with the principles of making voluntary disclosures in the corporate governance report; and

(iii) to our Group to allow our Directors (including our independent non-executive Directors), their respective representatives and the auditors to have sufficient access to the records of our Controlling Shareholders and his/her/its associates to ensure their compliance with the terms and conditions under the Deed of Non-competition.

Further, each of our Controlling Shareholders has undertaken that during the period in which he/she/it and/or his/her/its associates, individually or taken as a whole, remains as a Controlling Shareholder:

(i) he/she/it will not invest or participate in any project or business opportunity that competes or may compete, directly or indirectly, with the business activities engaged by our Group from time to time unless pursuant to the provisions stipulated in the Deed of Non-competition;

(ii) he/she/it will not solicit any existing or then existing employee of our Group for employment by him/her/it or his/her/its associates (excluding our Group);

(iii) he/she/it will not without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to his/her/its knowledge in his/her/its capacity as our Controlling Shareholder for any purposes; and

(iv) he/she/it will procure his/her/its associates (excluding our Group) not to invest or participate in any project or business opportunity mentioned above unless pursuant to the provisions stipulated in the Deed of Non-competition.

The above undertakings (i) and (iv) are subject to the exception that any of the associates of our Controlling Shareholders (excluding our Group) are entitled to invest, participate and be engaged in any Restricted Business or any project or business opportunities, regardless of value, which has been offered or made available to our Group, provided also that information about the principal terms thereof has been disclosed to our Company and our Directors, and our Company shall have, after review and approval by our independent non-executive Directors without the attendance by any

Director with beneficial interest in such project or business opportunities at the meeting, in which resolutions have been duly passed by the majority of our independent non-executive Directors, confirmed its rejection to be involved or engaged, or to participate, in the relevant Restricted Business and provided also that the principal terms on which that relevant associate of our Controlling Shareholder(s) invests, participates or engages in the Restricted Business are substantially the same as or not more favourable than those disclosed to our Company. Subject to the above, if the relevant associate of our Controlling Shareholder(s) decides to be involved, engaged, or participated in the relevant Restricted Business, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to our Company and our Directors as soon as possible.

The non-competition undertaking will take effect from the date on which dealings in the Shares first commence on GEM and will cease to have any effect upon the earlier of:

(i) the date on which such Controlling Shareholder and his/her/its associates, individually or taken as a whole, cease to own, in aggregate, 30.0% or more of the then issued share capital of our Company directly or indirectly or cease to be deemed as Controlling Shareholder and do not have power to control the Board or there is at least one other independent Shareholder other than our Controlling Shareholders and his/her/its respective associates holding more Shares than the Controlling Shareholders and his/her/its respective associates taken together; or

(ii) the date on which the Shares cease to be listed and traded on GEM or other recognised stock exchange.

In order to strengthen the corporate governance and to effectively monitor the observance under the Deed of Non-competition in respect of the existing and potential conflict of interests between our Group and our Controlling Shareholders, upon [REDACTED]:

(1) our Company will disclose in the annual reports the compliance and enforcement of the undertakings by our Controlling Shareholders in respect of the Deed of Non-competition and the appropriate action to be taken by our Company;

(2) our Company will disclose the details and basis of the decisions on the matters reviewed by the independent non-executive Directors in relation to the compliance and enforcement of arrangement of the New Business Opportunity in the annual reports;

(3) our independent non-executive Directors will be responsible for deciding, in the absence of any executive Director (except as invited by our independent non-executive Directors to assist them or provide any relevant information, but in no circumstances shall our executive Director(s), who participate in such meeting, be counted towards the quorum or allowed to vote in such meeting), whether or not to take up, or whether or not to allow any Controlling Shareholder(s) or its associate(s) to participate in, a New Business Opportunity referred to us under the terms of the Deed of Non-competition from time to time and if so, specifying any conditions to be imposed;

(4) our Board will ensure reporting any event relating to potential conflict of interests to our independent non-executive Directors as soon as practicable when it realises or suspects any event relating to potential conflict of interests may occur during the daily operations;

(5) following the reporting of any event relating to potential conflict of interests, our Board will hold a management meeting to review and evaluate the implications and risk exposures of such event and the compliance of the GEM Listing Rules in order to monitor any irregular business activities and alert the Board, including our independent non-executive Directors, to take any precautious actions; and

(6) in the event that there is any potential conflict of interest relating to the business of our Group between our Group and our Controlling Shareholders, the interested Directors, or as the case may be, our Controlling Shareholders would, according to the Articles or the GEM Listing Rules, be required to declare his/her/its interests and, where required abstain from voting on the transaction in the relevant board meeting and/or general meeting and not be counted in the quorum where required.

NON-DISPOSAL UNDERTAKINGS TO OUR COMPANY, THE SOLE SPONSOR, THE [REDACTED] (FOR THEMSELVES AND ON BEHALF OF THE [REDACTED]) AND THE STOCK EXCHANGE

Our Company and each of our Controlling Shareholders have given certain undertakings in respect of the Shares to our Company, the Sole Sponsor, the [REDACTED] (for themselves and on behalf of the [REDACTED]) and the Stock Exchange, details of which are set out in the paragraph headed "Undertakings under the [REDACTED]" under the section headed "Underwriting" in this document.

NON-DISPOSAL UNDERTAKINGS TO OUR COMPANY AND THE STOCK EXCHANGE

Further, each of our Controlling Shareholders has undertaken to our Company and the Stock Exchange that he/she/it shall not, and shall procure that the relevant registered holder(s) shall not at any time during the period commencing on the date of this document and ending on the date which is 24 months from the [REDACTED], dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a Controlling Shareholder.

CORPORATE GOVERNANCE MEASURES

Our Company has adopted the following measures to strengthen its corporate governance practice and to safeguard the interests of our Shareholders:

(1) the Articles provide that a Director shall not vote (nor shall he 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 except in certain circumstances provided by the Articles;

(2) our audit committee will review, on an annual basis, compliance with the Deed of Non-competition given by our Controlling Shareholders;

(3) our Company will obtain (i) an annual written confirmation in respect of our Controlling Shareholders' compliance with the terms of the Deed of Non-competition; (ii) consent (from each of our Controlling Shareholders) to refer to the said confirmation in our annual reports and (iii) all information as may reasonably be requested by us and/or our independent non-executive Directors for our review and enforcement of the Deed of Non-competition;

(4) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition of our Controlling Shareholders in the annual reports of our Company;

(5) our independent non-executive Directors may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-competition or connected transaction(s) at the cost of our Company;

(6) our independent non-executive Directors will be responsible for deciding whether or not to allow any Controlling Shareholder and/or his/her/its associates to be involved in or participate in a Restricted Business and if so, specifying any condition to be imposed; and

(7) our Company has appointed Shenwan Hongyuan as the compliance adviser in accordance with Rule 6A.19 of the GEM Listing Rules. Please refer to the section headed "Directors and Senior Management — Compliance Adviser" in this document for further details in relation to the appointment of compliance adviser.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and their respective associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out above, our Directors believe that the interest of the Shareholders will be protected.

BUSINESS OBJECTIVES AND FUTURE PLANS

BUSINESS OBJECTIVES

To further strengthen our position in the system integration industry in Korea by expanding our market share and enhancing the quality of our services, in order to achieve sustainable growth in our business and create long-term shareholder's value.

BUSINESS STRATEGIES

Please refer to the paragraph headed "Business Strategies" under the section headed "Business" in this document for a detailed description of our business objectives and strategies.

IMPLEMENTATION PLANS

We will endeavour to achieve the following milestone events during the period from the Latest Practicable Date to 31 December 2018. Investors should note that the milestones and their respective scheduled completion times are based on certain bases and assumptions as set out in the paragraph headed "Bases and Key Assumptions" of this section below.

For the period from the Latest Practicable Date to 31 December 2016:

Business strategies	*Implementation activities*	*Sources of funding*
Expanding market share by setting up new service points	— Setting up an office in Busan city	[REDACTED]
	— Acquiring maintenance equipment to support our maintenance service in Busan city	[REDACTED]
	— Acquiring testing equipment for performance check of the integrated systems	[REDACTED]
Exploring overseas business opportunities	— Conducting feasibility studies to explore market potential of system integration in other Asian countries	Our internal resources
Expanding our professional team and enhancing our service quality	— Recruiting new salespersons, engineers and administrative staff to support the business in Busan city	Our internal resources

For the six months ending 30 June 2017:

Business strategies	*Implementation activities*	*Sources of funding*
Expanding our professional team and enhancing our service quality	— Recruiting new salespersons, engineers and administrative staff to support the business in Busan city with reference to the business growth	Our internal resources

For the six months ending 31 December 2017:

Business strategies	*Implementation activities*	*Sources of funding*
Expanding market share by setting up new service points	— Acquiring an office with a gross size of approximately 1,600m^2 within the same district as our current main office in Seoul as our headquarter	[REDACTED]
	— Setting up an office in Jeonju city	[REDACTED]
	— Acquiring maintenance equipment to support our maintenance service in Jeonju city	[REDACTED]
	— Acquiring testing equipment for performance check of the integrated systems	[REDACTED]
Expanding our professional team and enhancing our service quality	— Recruiting new salespersons, engineers and administrative staff to support the business in Jeonju city	Our internal resources

For the six months ending 30 June 2018:

Business strategies	*Implementation activities*	*Sources of funding*
Expanding our professional team and enhancing our service quality	— Recruiting new salespersons and engineers	Our internal resources

For the six months ending 31 December 2018:

Business strategies	*Implementation activities*	*Sources of funding*
Expanding market share by setting up new service points	— Setting up an office in Gangneung city	[REDACTED]
	— Acquiring maintenance equipment to support our maintenance service in Gangneung city	[REDACTED]
	— Acquiring testing equipment for performance check of the integrated systems	[REDACTED]
Expanding our professional team and enhancing our service quality	— Recruiting new salespersons, engineers and administrative staff to support the business in Gangneung city	Our internal resources

BASES AND KEY ASSUMPTIONS

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

- there will be no material changes in the existing political, legal, fiscal or economic conditions in Korea or other countries in which any member of our Group operates;
- our Group's business will not be materially affected by the risk factors as set out in the section headed "Risk Factors" in this document;
- there will be no material changes in the bases or rates of taxation in Korea or other countries in which any member of our Group operates;

- there will be no material changes in the interest rates or exchange rates from those currently prevailing;

- our Directors' and key senior management will continue their involvement in the business and future developments of our Group and we will be able to retain our key management personnel;

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objective relates;

- we will be able to complete the existing projects and undertake new projects;

- we will be able to recruit new staff when required;

- the [REDACTED] will be completed in accordance with and as described in the section headed "Structure and Conditions of the [REDACTED]" in this document.

REASONS FOR THE [REDACTED] AND THE [REDACTED]

Our Directors believe that the [REDACTED] could enhance our capital base and the [REDACTED] from the [REDACTED] will strengthen our financial position and enable us to implement our business objectives set out in this section. Furthermore, a [REDACTED] status on [REDACTED] will allow us to access to capital market for future corporate finance exercises, which will assist in our future business development and strengthen our competitiveness.

Based on the [REDACTED] of HK$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range of HK$[REDACTED] to HK$[REDACTED] per [REDACTED], we will receive [REDACTED] of HK$[REDACTED] million. The [REDACTED] from the [REDACTED] are estimated to be approximately HK$[REDACTED] million, after deducting the [REDACTED] commission and other estimated expenses in the amount of approximately HK$[REDACTED] million, payable by our Company in relation to the [REDACTED]. We intend to apply such [REDACTED] as follows:

(i) approximately [REDACTED]% of the total estimated [REDACTED], or approximately HK$[REDACTED] million, will be used to settle approximately half of the down payment to acquire an office building in Seoul as our new headquarter to accommodate the further increase in number of salespersons and engineers, and reserve part of the office area (approximately 100m^2) as storage to replace the leased branch office in Geumcheon-gu, Seoul;

(ii) approximately [REDACTED]% of the total estimated [REDACTED], or approximately HK$[REDACTED] million, will be used to set up additional service points in the following cities:

- Busan city - approximately HK$[REDACTED] million in total, comprising initial rental deposit, renovation, furniture and fixture costs, and cost for additional testing and maintenance equipment;

- Jeonju city - approximately HK$[REDACTED] million in total, comprising initial rental deposit, renovation, furniture and fixture costs, and cost for additional testing and maintenance equipment; and

- Gangneung city- approximately HK$[REDACTED] million for rental deposit in total, comprising initial rental deposit, renovation, furniture and fixture costs, and cost for additional testing and maintenance equipment;

(iii) approximately [REDACTED]% of the total estimated [REDACTED], or approximately HK$[REDACTED] million, will be used as the initial set up cost for our office in Hong Kong; and

(iv) approximately [REDACTED]% of the total estimated [REDACTED], or approximately HK$[REDACTED] million, will be used as general working capital.

For the period from the Latest Practicable Date to 31 December 2018, our [REDACTED] from the [REDACTED] will be used as follows:

		For the six months ending					
	From the Latest Practicable Date to 31 December 2016	**30 June 2017**	**31 December 2017**	**30 June 2018**	**31 December 2018**	**Total**	**Approximate % of the total [REDACTED]**
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	
Acquiring office building in Seoul as our headquarter	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Setting up new service points in the cities of Busan, Jeonju and Gangneung in Korea	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Setting up office in Hong Kong	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
General working capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%

Our Directors consider that the [REDACTED] from the [REDACTED] together with our internal resources and/or further equity and/or debt financing will be sufficient to finance our business plans as scheduled up to the year ending 31 December 2018.

If the final [REDACTED] is set at the highest or lowest point of the indicative [REDACTED] range, the [REDACTED] of the [REDACTED] will increase or decrease to approximately HK$[REDACTED] million or HK$[REDACTED] million, respectively. The [REDACTED] are intended to be used in approximately the same proportions as disclosed above irrespective of whether the [REDACTED] is determined at the highest or lowest point of the indicative [REDACTED] range.

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

The use of [REDACTED] outlined above may change in light of our evolving business development. In the event of any material modification to the use of [REDACTED] as described above, our Company will issue an announcement and make disclosure in its annual report for the relevant year as required by the GEM Listing Rules.

SUMMARY OF DIRECTORS AND SENIOR MANAGEMENT

Our Board consists of five executive Directors and three independent non-executive Directors. The following table sets forth a summary of the information concerning our Directors and senior management:

Name	Age	Position	Date of first joining our Group	Date of appointment as a Director	Roles and responsibilities	Relationship with other Directors and senior management
Directors						
Mr. Suh Seung Hyun	46	Chairman and executive Director	21 March 1997	4 January 2016	Overall management with focus on operation of our business	None
Mr. Phung Nhuong Giang	54	Deputy chairman and executive Director	13 December 2006	4 January 2016	Strategy planning, investor relations and public relations	None
Mr. Lee Seung Han	45	Chief executive officer and executive Director	21 March 1997	4 January 2016	Overall management with focus on business development	None
Mr. Ryoo Seong Ryul	42	Chief financial officer and executive Director	4 July 2005	4 January 2016	Financial planning, budgeting and control and administration matters	None
Mr. Park Hyeoung Jin	47	Executive Director	21 March 1997	4 March 2016	Leading technical support teams and technological development	None
Mr. Ngan Chi Keung	41	Independent non-executive Director	21 June 2016	21 June 2016	Providing independent advice to the Board	None
Mr. Wong Sik Kei	68	Independent non-executive Director	21 June 2016	21 June 2016	Providing independent advice to the Board	None
Mr. Ho, Kam Shing Peter	69	Independent non-executive Director	21 June 2016	21 June 2016	Providing independent advice to the Board	None
Senior management						
Mr. Ko Jae Seok	43	Head of public sector division	1 April 2003	N/A	Leading the sales team for public sector customers	None
Mr. Park Sang Hyun	40	Head of private sector division I	2 December 2002	N/A	Leading the system integration sales team	None
Mr. Kim Do Hyung	39	Head of private sector division II	17 December 2013	N/A	Leading the system integration sales team	None
Mr. Lee Jun Su	43	Head of security technical support team	1 September 1997	N/A	Leading the security technical support team	None

DIRECTORS

Executive Directors

Mr. Suh Seung Hyun (徐承鉉), aged 46, is the co-founder of our Group, our executive Director and the chairman of our Board. Mr. Suh is also a director of Global Telecom. Mr. Suh is mainly responsible for the overall management with focus on the operation of our business. In particular, Mr. Suh is responsible for overseeing the financial well-being of our business, monitoring our business units in achieving internal sales target and market share target, as well as supervising the provision of our services to customers.

Mr. Suh obtained a bachelor's degree in computer science from The University of Suwon in Korea in February 1996.

Mr. Suh has over 20 years of experience in the information and communications technology industry. Prior to co-founding our Group, Mr. Suh started his career in ShinLa Information Communications Co., Ltd., a company principally engaged in network infrastructure business in Korea, in December 1995 and left in March 1997.

Mr. Phung Nhuong Giang (馮潤江), aged 54, is an executive Director and the deputy chairman of our Board. Mr. Phung is also a director of Global Telecom and a director of AMS, our Controlling Shareholder. Mr. Phung first joined our Group when he was appointed as a director of Global Telecom in December 2006 after completion of the acquisition of Global Telecom by AMS. Mr. Phung resigned from the directorship in Global Telecom in May 2008 to pursue his other business engagement, but remained as one of the ultimate beneficial owners of Global Telecom. Mr. Phung then rejoined Global Telecom in March 2014 as a director. Mr. Phung is mainly responsible for strategy planning, investor relations and public relations of our Group.

Mr. Phung obtained a bachelor's degree with first class honour in Electrical Engineering from the University of Western Australia in Australia in April 1987 and a Master of Business Administration from the University of Louisville in the United States in December 1999.

Mr. Phung has over 28 years of experience in the information and communications technology industry. Mr. Phung worked as a network specialist in Telstra Corporation Limited, an Australian telecommunications and media company, in 1987; as account manager in QPSX Communications Ltd, an Australian company, in 1988 and as a chief technologist in Dimension Data Asia Pacific Ltd. (formerly known as Datacraft Asia Ltd.), a company principally engaged in the provision and management of specialist IT infrastructure solutions, from 1993 to 2001. Mr. Phung joined DMX Technologies Group Limited in April 2001, a company incorporated in Bermuda and is now a subsidiary of KDDI Corporation, a Japanese company principally engaged in telecommunication businesses. He served as the executive director and chief executive officer of DMX Technologies Group Limited and later resigned from the directorship and chief executive office in DMX Technologies Group Limited in 2006. Mr. Phung has been a director of AMS since its establishment in 2006, and had devoted more time to build and oversee the management team of the system integration business of AMS in China from 2008 onwards until the China business was sold to the local management team in 2015. Mr. Phung also provided consultancy services to a venture capital

firm in Vietnam for identifying potential IT companies as acquisition targets in 2009 and 2010. From June 2010 to June 2013, Mr. Phung was an independent non-executive director of PCI-Suntek Technology Co. Ltd. (600728.SS), a company incorporated in China, whose shares are listed on the Shanghai Stock Exchange. Mr. Phung was an independent non-executive director from December 2011 to February 2013 and an executive director from February 2013 to March 2015 of ETS Group Limited (Stock code: 8031), the issued shares of which are listed on GEM.

Mr. Lee Seung Han (李承翰), aged 45, is the co-founder of our Group, an executive Director and the chief executive officer of our Group. Mr. Lee is also a director of Global Telecom. Mr. Lee is mainly responsible for the overall management with focus on business development of our Group. In particular, Mr. Lee is responsible for the formulation of corporate strategy and the supervision and management of the business development of our Group.

Mr. Lee obtained a bachelor's degree in computer science from The University of Suwon in Korea in February 1996.

Mr. Lee has over 20 years of experience in the information and communications technology industry. Prior to co-founding our Group, Mr. Lee started his career in ShinLa Information Communications Co., Ltd., a company principally engaged in network infrastructure business in Korea, in December 1995 and left in March 1997.

Mr. Ryoo Seong Ryul (柳晟烈), aged 42, is an executive Director and the chief financial officer of our Group. Mr. Ryoo is also the general manager of finance department of Global Telecom. Mr. Ryoo is mainly responsible for the financial planning, budgeting and control and administration matters of the Group.

Mr. Ryoo obtained a bachelor's degree in business administration from Korea Aerospace University in Korea in February 1996.

Mr. Ryoo has over 15 years of experience in finance and human resource. Mr. Ryoo started his career in the trading department in Yoolim Fishingnet Co., Ltd. from May 1998 to April 2000, with last position being an assistant manager. In June 2000, Mr. Ryoo was appointed as the account and finance manager in KG INICIS Co., Ltd. (Stock code: 035600), a company principally engaged in the provision of payment gateway service and the issued shares of which are listed on KOSDAQ of the Korea Exchange, and left such position in November 2004. In November 2004, Mr. Ryoo was appointed as the general management team manager in Plantynet Co., Ltd. (Stock code: 075130), a company principally engaged in the provision of internet security software and services and the issued shares of which are listed on KOSDAQ of the Korea Exchange, and left such position in June 2005. Mr. Ryoo joined our Group in July 2005 as the general manager of Finance department of Global Telecom.

Mr. Park Hyeoung Jin (朴炯進), aged 47, is the co-founder of our Group and our executive Director. Mr. Park is also a director and the chief technical officer of Global Telecom. Mr. Park is mainly responsible for technological development and overall management of technical support teams of Global Telecom.

Mr. Park obtained a bachelor's degree in computer science from The University of Suwon in Korea, in February 1996.

Mr. Park has over 19 years of experience in the information and communications technology industry. Prior to co-founding our Group, Mr. Park started his career in ShinLa Information Communications Co., Ltd., a company principally engaged in network infrastructure business in Korea, in December 1995 and left in March 1997.

Independent non-executive Directors

Mr. Ngan Chi Keung (顏志強), aged 41, was appointed as our independent non-executive Director on 21 June 2016 and is the chairman of our audit committee.

Mr. Ngan obtained a bachelor's degree in business administration in accounting from Hong Kong Baptist University in Hong Kong in June 1998. Mr. Ngan also obtained a Master of Business Administration from EU Business School of European University, which is an online course, in May 2015. Mr. Ngan is a member of The Association of Chartered Certified Accountants since October 2001 and a member of the Hong Kong Institute of Certified Public Accountants since February 2002.

Mr. Ngan has over 15 years of experience in the accounting industry. Mr. Ngan worked as an audit assistant in Grant Thornton since September 1998 and was promoted to semi-senior audit in April 2000 and left such position in May 2000. Mr. Ngan worked as an accounts manager in The Tung On Plumbing Co., Ltd. from May 2000 to May 2006. Mr. Ngan joined Wing Hing International (Holdings) Limited (now known as Taung Gold International Limited) (Stock Code: 621), the issued shares of which are listed on the main board of the Stock Exchange, as the financial controller and the qualified accountant from June 2007 to June 2010, and has been the financial controller in W. Hing Construction Company Limited since June 2007. Mr. Ngan has been an independent non-executive director of ETS Group Limited (Stock code: 8031), the issued shares of which are listed on GEM, since December 2011.

Mr. Wong Sik Kei (王錫基), aged 68, was appointed as our independent non-executive Director on 21 June 2016 and is the chairman of our remuneration committee.

Mr. Wong obtained a bachelor's degree in engineering from The University of Hong Kong, in October 1971. Mr. Wong also obtained a Master of Philosophy in October 1977 and a Master of Social Sciences in November 1980 from The University of Hong Kong. Mr. Wong joined the Hong Kong government as an assistant telecommunications engineer of the Post Office of Hong Kong in September 1974. Mr. Wong was subsequently promoted to telecommunications engineer in September 1978, senior telecommunications engineer in July 1980, chief telecommunications engineer in June 1984 and assistant postmaster general in July 1988. In March 1994, Mr. Wong was appointed as a senior assistant director of telecommunications in the Office of the Telecommunications Authority of Hong Kong. Mr. Wong served as the director general of the Office of Telecommunications Authority ("**OFTA**") from April 1997 to August 2003. In August 2003, Mr. Wong joined the Innovation and

Technology Department of the Hong Kong government in capacity of Commissioner. Mr. Wong officially retired from the Hong Kong government in November 2007. Mr. Wong has been an independent non-executive director of ETS Group Limited (Stock code: 8031), the issued shares of which are listed on GEM, since December 2011.

Mr. Ho, Kam Shing Peter (何金城), aged 69, was appointed as our independent non-executive Director on 21 June 2016 and is the chairman of our nomination committee.

Mr. Ho has over 20 years of experience in the IT industry. Mr. Ho acted as the regional general manager of Hong Kong and Taiwan from 1996 and 1999 in Datacraft Asia Ltd. (now known as Dimension Data Asia Pacific Ltd.), a company principally engaged in the provision and management of specialist IT infrastructure solutions. Mr. Ho joined DMX Technologies (Hong Kong) Limited (formerly known as Skynet Consultants Company Limited), a company principally engaged in the business of re-selling computer anti-virus software and network integration business, as a director from March 2000 to April 2002 and acted as a director of Utimaco Safeware Asia Limited (now known as Sophos Hong Kong Company Limited), a company principally engaged in the data security business, from December 1999 to May 2009. Mr. Ho obtained a diploma of marketing and sales management from the University of British Columbia in Canada in 1993.

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

Each of our Directors confirms that save as disclosed above: (i) he has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he does not hold any other position in the Company or any of its subsidiaries; (iii) save as disclosed in the paragraph headed "C. Further information about Directors, management and Substantial Shareholders" in Appendix IV to this document, he does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) there is no other information that should be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules; and (v) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders.

Senior Management

Mr. Ko Jae Seok (高在錫), aged 43, is the head of public sector division of Global Telecom. Mr. Ko is responsible for leading the sales team for public sector customers of Global Telecom.

Mr. Ko obtained a bachelor's degree in economics from The University of Suwon in Korea in February 1996.

Mr. Ko has more than 17 years of experience in the information and communications technology industry. Mr. Ko started his career in New C&C Co., Ltd., a company principally engaged in provision of integrated information and communication systems in Korea, in April 1999 and left in March 2003. Mr. Ko joined Global Telecom in April 2003 as the head of public sector division.

Mr. Ko has not held any current and past directorship in any public listed companies during the three years immediately preceding the date of this document.

Mr. Park Sang Hyun (朴相賢), aged 40, is the head of private sector division I of Global Telecom. Mr. Park Sang Hyun is responsible for leading the system integration sales team of Global Telecom.

Mr. Park Sang Hyun obtained an associate degree in data processing from Lifelong Education Center of Chung Ang University*(Note)* (中央大學校平生教育院) in Korea in February 1996.

Mr. Park Sang Hyun has more than 18 years of experience in the information and communications technology industry. Prior to joining our Group, Mr. Park Sang Hyun started his career in IMIT Co., Ltd., a company principally engaged in system integration business in Korea, in April 1998 and left in August 2000. During September 2000 and September 2001, Mr. Park Sang Hyun worked as the system integration division manager in ISYSEMS, a company principally engaged in system integration business. Since October 2001 and until November 2002, Mr. Park Sang Hyun was a system integration team manager in HostecGlobal Co., Ltd., a company principally engaged in system integration business in Korea. Mr. Park Sang Hyun joined Global Telecom in December 2002 as the head of private sector division I.

Mr. Park Sang Hyun has not held any current and past directorship in any public listed companies during the three years immediately preceding the date of this document.

Mr. Kim Do Hyung (金度亨), aged 39, is the head of private sector division II of Global Telecom since December 2003. Mr. Kim is responsible for leading the system integration sales team. Mr. Kim has over 13 years of experience in the IT and broadcasting industry. Mr. Kim graduated from Inchang High School in Korea in February 1996.

Mr. Kim has not held any current and past directorship in any public listed companies during the three years immediately preceding the date of this document.

Mr. Lee Jun Su (李俊洙), aged 43, is the head of security technical support team. Mr. Lee Jun Su is responsible for leading the security technical support team of Global Telecom.

Mr. Lee Jun Su obtained a bachelor's degree in computer science from The University of Suwon in Korea in February 1998.

Note: For identification purpose only

Mr. Lee joined our Group as a network engineer of Global Telecom in September 1997 and has accumulated more than 18 years of experience in the information and communications technology industry.

Mr. Lee Jun Su has not held any current and past directorship in any public listed companies during the three years immediately preceding the date of this document.

COMPANY SECRETARY

Ms. Ngai Kit Fong (倪潔芳), aged 51, was appointed company secretary of our Company on 21 June 2016. Since January 2012, Ms. Ngai also serves as a director of corporate services of Tricor Services Limited ("**Tricor**"), a global professional services provider specializing in integrated business, corporate and investor services. Ms. Ngai does not act as an individual employee of our Company, but as an external service provider in respect of the proposed appointment of Ms. Ngai as the company secretary of our Company.

Ms. Ngai has over 25 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies . Ms. Ngai is currently the company secretary or joint company secretary of five companies the issued shares of which are listed on the Stock Exchange, namely, Huiyin Smart Community Co., Ltd. (Stock code: 1280), China Animal Healthcare Ltd. (Stock code: 940), BAIOO Family Interactive Limited (Stock code: 2100), Century Sage Scientific Holdings Limited (Stock code: 1450) and Phoenix Healthcare Group Co. Ltd. (Stock code: 1515). Prior to joining Tricor, Ms. Ngai was a manager of company secretarial services with Deloitte Touche Tohmatsu in Hong Kong, providing company secretarial and share registration services to its clients.

Ms. Ngai is a fellow member of both The Hong Kong Institute of Chartered Secretaries ("**HKICS**") and The Institute of Chartered Secretaries and Administrators in the United Kingdom. Ms. Ngai is a holder of the practitioner's endorsement from HKICS.

COMPLIANCE OFFICER

Mr. Lee Seung Han is the compliance officer of our Group. For biographical information of Mr. Lee, please refer to the paragraph headed "Directors" in this section.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries in relation to the performance of our Group. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the business operations. Our Group regularly reviews and determines the remuneration and compensation packages of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors

and the performance of our Group. After [REDACTED], our Company's remuneration committee will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, workload, the time devoted to our Group and the performance of our Group. Our Directors may also receive options to be granted under the Share Option Scheme.

The aggregate amounts of remuneration including salaries, contributions to pension schemes and directors' quarters rental and benefits in kind and discretionary bonuses which were paid or payable to our Directors for each of the two years ended 31 December 2015 were approximately HK$3,902,000 and HK$3,672,000, respectively.

The aggregate amounts of remuneration including wages, salaries and bonus, provision for unutilised annual leave and pension costs which were paid by our Group to our five highest paid individuals for each of the two years ended 31 December 2015 were approximately HK$5,018,000 and HK$4,832,000, respectively.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which a Director waived or agreed to waive any remuneration during the Track Record Period.

For additional information on our Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals, please refer to note 13 to the Accountants' Report set out in Appendix I to this document.

BOARD COMMITTEES

Audit committee

Our Company established an audit committee pursuant to a resolution of our Directors passed on 21 June 2016 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The written terms of reference of our audit committee were adopted in compliance with paragraphs C3.3 and C3.7 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our audit committee are, among other things, to make recommendations to our Board on the appointment, reappointment and removal of external auditor, review the financial information, oversee our financial reporting process, internal control, risk management systems and audit process and perform other duties and responsibilities assigned by our Board.

At present, the audit committee of our Company consists of three members who are Mr. Ngan Chi Keung, Mr. Wong Sik Kei and Mr. Ho, Kam Shing Peter. Mr. Ngan Chi Keung is the chairman of the audit committee.

Remuneration committee

Our Company established a remuneration committee pursuant to a resolution of our Directors passed on 21 June 2016 with written terms of reference in compliance with Rules 5.34 and 5.35 of the GEM Listing Rules. The written terms of reference of our remuneration committee were adopted in compliance with paragraph B1.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our remuneration committee are to review and approve the management's remuneration proposals, make recommendations to our Board on the remuneration packages of our Directors and senior management and ensure none of our Directors determine their own remuneration.

At present, the remuneration committee consists of three members who are Mr. Wong Sik Kei, Mr. Ngan Chi Keung and Mr. Ho, Kam Shing Peter. Mr. Wong Sik Kei is the chairman of the remuneration committee.

Nomination committee

Our Company established a nomination committee pursuant to a resolution of our Directors passed on 21 June 2016. Written terms of reference were adopted in compliance with A5.2 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our nomination committee are to review the structure, size and composition of our Board, and select or make recommendations on the selection of individuals nominated for directorships.

At present, the nomination committee consists of three members who are Mr. Ho, Kam Shing Peter, Mr. Ngan Chi Keung and Mr. Wong Sik Kei. Mr. Ho, Kam Shing Peter is the chairman of the nomination committee.

COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Company has appointed Shenwan Hongyuan to be the compliance adviser. Pursuant to Rule 6A.23 of the GEM Listing Rules, our Company must consult with and, if necessary, seek advice from the compliance adviser on a timely basis in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated by our Company, including share issues and share repurchases;

(iii) where our Company proposes to use the [REDACTED] of the [REDACTED] in a manner different from that detailed in this document or where the business activities, developments or results of our Company deviate from any forecast, estimate (if any) or other information in this document; and

(iv) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

The terms of appointment shall commence on the [REDACTED] and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the [REDACTED], or until the agreement is terminated, whichever is the earlier.

SHARE OPTION SCHEME

We conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised under the section headed "D. Share Option Scheme" in Appendix IV to this document.

The table as shown below assumes that the [REDACTED] and the [REDACTED] have become unconditional and the issue of Shares pursuant thereto are made as described herein. It does not take into account any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme.

The authorised and issued share capital of our Company immediately following the [REDACTED] and the [REDACTED] will be as follows:

		Nominal value
		HK$
Authorised share capital		
5,000,000,000	Shares	50,000,000
Issued and to be issued, fully paid or credited as fully paid:		
1,000	Shares in issue as at the date of this document	10
[REDACTED]	Shares to be issued upon completion of the [REDACTED]	[REDACTED]
[REDACTED]	New Shares to be allotted and issued pursuant to the [REDACTED]	[REDACTED]
[REDACTED]	Shares in total	[REDACTED]

ASSUMPTIONS

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

MINIMUM [REDACTED]

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the [REDACTED] 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 GEM Listing Rules).

RANKING

The [REDACTED] will be ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all the Shares in issue or to be issued as mentioned in this document and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document save for the entitlement under the [REDACTED].

CIRCUMSTANCES UNDER WHICH GENERAL MEETING OF THE COMPANY ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and Articles, 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 the share capital or capital redemption reserve by our Shareholders passing a special resolution. For further details, please refer to the paragraph headed "2. Articles of Association — (c) Alteration of capital" in Appendix III to this document.

Pursuant to the Companies Law and the terms of the Memorandum and Articles, all or any of the special rights attached to our Shares 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 further details, please refer to the paragraph headed "2. Articles of Association — (d) Variation of rights of existing shares or classes of shares" in Appendix III to this document.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme, the principal terms of the Share Option Scheme are summarised in the section headed "D. Share Option Scheme" in Appendix IV to this document.

GENERAL MANDATE TO ISSUE SHARES

Subject to the [REDACTED] becoming unconditional, our Directors have been granted a general unconditional mandate to allot and issue and deal with the unissued Shares not more than the sum of:

(a) 20% of the number of issued Shares of our Company immediately following the completion of the [REDACTED]; and

(b) the number of Shares of our Company bought back by our Company (if any) pursuant to the general mandate to buy back Shares as described below.

Our Directors may, in addition to our Shares which they are authorised to issue under the general mandate, allot, issue and deal in our Shares pursuant to a rights issue, scrip dividends or similar arrangements or options granted or to be granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or pursuant to the exercise of the option which may be granted under the Share Option Scheme. This general mandate will remain in effect until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which our Company's next annual general meeting is required to be held by the Articles or any applicable law of the Cayman Islands; or

(iii) the time when such mandate is revoked, varied or renewed by an ordinary resolution of the Shareholders in a general meeting, whichever occurs the earliest.

For further information of this general mandate, please refer to the paragraph headed "A. Further information about our Company — 3. Written resolutions of our Shareholders dated 21 June 2016" in Appendix IV to this document.

GENERAL MANDATE TO BUY BACK SHARES

Subject to the conditions set forth in the section headed "Structure and Conditions of the [REDACTED]" in this document being fulfilled, our Directors have been granted a general mandate to exercise all the powers of our Company to purchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the number of issued Shares of our Company immediately following completion of the [REDACTED] and the [REDACTED].

SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion (without taking into account our Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), the following persons/entities will have an interest or a short position in our Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be 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 member of our Group:

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
LiquidTech *(Note 1)*	Beneficial owner	[REDACTED]	[REDACTED]%
AMS *(Notes 1 and 2)*	Interest in controlled corporation	[REDACTED]	[REDACTED]%
Mr. Phung *(Notes 1, 2, 3 and 4)*	Interest held jointly with another person/Interest in controlled corporation/Interest of spouse	[REDACTED]	[REDACTED]%
Mr. Lee *(Notes 1, 2 and 3)* . . .	Interest held jointly with another person/Interest in controlled corporation	[REDACTED]	[REDACTED]%
Mr. Suh *(Notes 1, 2 and 3)* . .	Interest held jointly with another person/Interest in controlled corporation	[REDACTED]	[REDACTED]%
Mr. Park *(Notes 1, 2 and 3)* . .	Interest held jointly with another person/Interest in controlled corporation	[REDACTED]	[REDACTED]%
Ms. Marilyn Tang *(Notes 1, 2, 3 and 4)*	Interest held jointly with another person/Interest in controlled corporation/Interest of spouse	[REDACTED]	[REDACTED]%
Ms. Lee Kim Sinae *(Note 5)* .	Interest of spouse	[REDACTED]	[REDACTED]%
Ms. Suh Kim Seong Ock *(Note 6)*	Interest of spouse	[REDACTED]	[REDACTED]%
Ms. Shin Hee Kum *(Note 7)* . .	Interest of spouse	[REDACTED]	[REDACTED]%

Notes:

1. LiquidTech is wholly-owned by AMS. AMS is deemed to be interested in all the Shares in which LiquidTech is interested under Part XV of the SFO.

2. AMS is owned as to approximately 26.14% by Mr. Phung, 25.34% by Mr. Suh, 14.71% by Mr. Lee, 14.03% by Mr. Park, 14.03% by Mr. SG Lee, 3.40% by Mr. JE Lee and 2.35% by Ms. Marilyn Tang.

3. On 21 June 2016, four of our ultimate Controlling Shareholders, namely, Mr. Phung, Mr. Lee, Mr. Suh and Mr. Park, entered into the Acting in Concert Confirmation and Undertaking to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of our Group during the Track Record Period, details of which are set out in the paragraph "Acting in Concert Confirmation and Undertaking" under the section headed "Relationship with the Controlling Shareholders" in this document. As such, Mr. Phung, Mr. Lee, Mr. Suh and Mr. Park together control approximately [REDACTED]% interest in the share capital of our Company through AMS and LiquidTech. As a result, each of Mr. Phung, Mr. Lee, Mr. Suh and Mr. Park is deemed to be interested in approximately [REDACTED]% interest in the share capital of our Company.

4. Ms. Marilyn Tang owns approximately 2.35% of the issued shares of AMS and is the spouse of Mr. Phung. Ms. Marilyn Tang is deemed to be interested in all the Shares in which Mr. Phung is interested under Part XV of the SFO.

5. Ms. Lee Kim Sinae is the spouse of Mr. Lee. Ms. Lee Kim Sinae is deemed to be interested in all the Shares in which Mr. Lee is interested under Part XV of the SFO.

6. Ms. Suh Kim Seong Ock is the spouse of Mr. Suh. Ms. Suh Kim Seong Ock is deemed to be interested in all the Shares in which Mr. Suh is interested under Part XV of the SFO.

7. Ms. Shin Hee Kum is the spouse of Mr. Park. Ms. Shin Hee Kum is deemed to be interested in all the Shares in which Mr. Park is interested under Part XV of the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be 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 member of our Group.

SIGNIFICANT SHAREHOLDERS

So far as our Directors are aware, apart from the persons disclosed under the section headed "Relationship with the Controlling Shareholders" in this document and the paragraph headed "Substantial Shareholders" above, immediately following completion of the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), the following persons will be entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of our Company, and is accordingly regarded as a Significant Shareholder upon the [REDACTED] under the GEM Listing Rules:

Name of Shareholders	Capacity/Nature of interest	Number of Shares held	Approximate percentage of shareholding
Epro Capital	Beneficial owner	[REDACTED]	[REDACTED]%
Epro Group *(Note 1)*	Interest in controlled corporation	[REDACTED]	[REDACTED]%
Merry Silver *(Note 2)*	Interest in controlled corporation	[REDACTED]	[REDACTED]%
Mr. Telly Wong *(Note 3)*	Interest in controlled corporation	[REDACTED]	[REDACTED]%
Mr. Ling *(Note 3)*	Interest in controlled corporation	[REDACTED]	[REDACTED]%

Notes:

1. Epro Capital is wholly-owned by Epro Group. Epro Group is deemed to be interested in the Shares in which Epro Capital is interested under Part XV of the SFO.

2. Epro Group is wholly-owned by Merry Silver. Merry Silver is deemed to be interested in the Shares in which Epro Group is interested under Part XV of the SFO.

3. Merry Silver is owned as to 50% by Mr. Telly Wong and 50% by Mr. Ling. Each of Mr. Telly Wong and Mr. Ling is deemed to be interested in the Shares in which Merry Silver is interested under Part XV of the SFO.

You should read the following discussion and analysis in conjunction with our combined financial information and notes thereto set forth in the Accountants' Report included as Appendix I and our selected historical combined financial information and operating data included elsewhere in this document. Our combined financial information has been prepared in accordance with HKFRSs. Our financial information and the discussion and analysis below assume that our current structure had been in existence throughout the Track Record Period. For further information in relation to our Group's structure, please refer to the section headed "History, Reorganisation and Corporate Structure" in this document.

The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and our financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please refer to the sections headed "Risk Factors" and "Forward-Looking Statements" for discussions of those risks and uncertainties.

Unless the context otherwise requires, financial information described in this section is described on a combined basis.

OVERVIEW

Established in 1997, we are a Korea based company principally engaged in the provision of: (i) integrated systems; and (ii) maintenance service. Please refer to the paragraph headed "Overview" under the section headed "Business" in this document for an overview of our business.

For the year ended 31 December 2015, our revenue grew by 16.7% as compared to the previous year, as we continued to see growth in our system integration and maintenance service businesses, whilst our adjusted net profit after tax by excluding [REDACTED] expenses of HK$[REDACTED] million increased by 36.1%, from HK$10.8 million in 2014 to HK$14.7 million in 2015. Our gross margin for both years was stable at around 14%. The major reasons for our adjusted net profit after tax having a larger increase than our revenue in 2015 are:

1. a one-off receipt of claim amounting to approximately HK$1.0 million awarded by the court in a dispute with the joint contractor in a completed project, and

2. the overall selling and administrative expenses registered a smaller increase than our revenue in 2015.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our financial condition and results of operations have been and will continue to be affected by a number of factors, including those discussed below, some of which are beyond our control.

Market demand for integrated systems

During each of the two years ended 31 December 2015, revenue derived from our system integration segment were approximately HK$395.4 million and HK$439.7 million, respectively, and represented approximately 89.5% and 85.3% of our total revenue, respectively. As a majority of our revenue is derived from our system integration projects, our results of operations will be affected by the market demand for integrated systems in Korea. Such demand is determined by an interplay of a number of factors such as customers' spending patterns on integrated systems and the general conditions and prospects of the local economy in Korea.

According to the Frost & Sullivan Report, the market size of the system integration market is expected to grow at a CAGR of approximately 14.6% from 2016 to 2020. Our Directors believe that our Group will benefit from the continuous growth in demand for integrated systems.

Competition and pricing

We operate in a highly fragmented industry with competitors that provide similar services to ours. We compete with our competitors in various aspects including price, service quality and after-sales services, which could affect the size and the number of projects awarded to us, and the profitability of our projects.

The level of competition also impacts our ability to price our services at a desired level so as to achieve our targeted profitability. Our integrated systems and maintenance service are priced based on our estimated project costs plus a mark-up margin. While it is our objective to charge a price that could maximise our profits, offering an uncompetitive price may render our integrated systems and maintenance service unattractive to customers. As such, it is very important to price our services accurately to strike a balance between pricing our projects competitively and maintaining an adequate profit margin. We believe that market competition has had, and is expected to continue to have, a significant impact on our business and financial performance.

Ability to maintain our competitiveness

We provide integrated systems which are customised according to the specific requirements of our customers. As we have a diversified customer base covering a variety of industries, we may face novel situations where new and customised solutions are required. Therefore, it is very important for us to keep up with the latest developments in the system integration industry and maintain our technical competitiveness to meet the ever-changing demands of our customers.

We believe that our ability to keep up with the latest developments in the system integration industry and our in-depth technical knowledge on the customisation of hardware and software components of integrated systems are essential for us to retain our existing customers, enhance our reputation and attract new customers.

Cost of hardware and software

Cost of hardware and software components for our system integration projects is a major component of our cost of sales. For each of the two years ended 31 December 2015, our cost of hardware and software components amounted to approximately HK$281.1 million and HK$375.8 million, respectively, representing approximately 74.1% and 84.9% of our cost of sales for the same respective years. As a result, our profitability is heavily dependent on our ability to control and manage our cost of hardware and software components.

To control the cost of our purchases, we generally would only make our purchases for projects after entering into contracts with our customers and after comparing the prices among various qualified suppliers. We would also take into account the potential price fluctuation of the required hardware and software components and consider whether we can pass on the anticipated increase in cost to our customers.

BASIS OF PRESENTATION

The Reorganisation involved only inserting new holding companies on top of Global Telecom and has not resulted in any change of economic substance with continuous common control by our Controlling Shareholders. Accordingly, the financial information of our Group has been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the Track Record Period or since the respective dates of incorporation of the entities now comprising our Group, whichever is the shorter period. Please refer to note 3.2 to the financial information in the Accountants' Report for details.

The financial information has been prepared in accordance with HKFRSs. It should be noted that accounting estimates and assumptions are used in the preparation of the financial information. Although these estimates are based on our management's best knowledge and judgement of current facts and circumstances, actual results may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in note 4 to the Accountants' Report.

Further details on the basis of presentation are set out in note 2 to the Accountants' Report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that are significant to the preparation of our Group's financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider: (i) our selection of critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below some of the accounting policies which we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of

our Group's financial statements. Our significant accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations, are set forth in detail in note 3 and note 4 to our financial information included in the Accountants' Report in Appendix I to this document.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to our Group and the revenue and costs, if applicable, can be measured reliably.

System integration

Revenue from system integration projects is recognised based on the percentage of completion of the contracts provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred up to the reporting date as compared to the total costs to be incurred under the contracts except where this would not be representative of the stage of completion.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Maintenance service

Revenue from maintenance service is recognised using straight-line method over the terms of maintenance contracts.

Impairment of trade receivables

At each reporting date, trade receivables are reviewed to determine whether there is any objective evidence of impairment.

If such evidence exists, the amount of impairment loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the receivable's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss on the trade receivables decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the trade receivable exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss for the period in which the reversal occurs.

Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On combination, income and expense items of foreign operations are translated into the presentation currency of our Group (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to our Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost over their estimated useful lives of five years on a straight-line basis. The assets' depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when our Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of our Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

COMBINED RESULTS OF OPERATIONS

The following table sets forth the combined statements of comprehensive income of our Group during the Track Record Period, which is extracted from the Accountants' Report in Appendix I to this document.

Combined statements of comprehensive income

	For the year ended 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Revenue	441,805	515,704
Cost of sales	(379,735)	(442,632)
Gross profit	62,070	73,072
Other income	1,163	1,930
Selling and administrative expenses	(50,090)	(63,334)
Finance costs	(269)	(193)
Profit before income tax	12,874	11,475
Income tax expense	(2,099)	(3,344)
Profit for the year	10,775	8,131
Other comprehensive income for the year	(4,200)	(6,472)
Total comprehensive income for the year	6,575	1,659

Our net profit decreased by approximately 24.5% from HK$10.8 million for the year ended 31 December 2014 to HK$8.1 million for the year ended 31 December 2015. Excluding the non-recurring expenses incurred in connection with the [REDACTED] of HK$[REDACTED] million in 2015, our net profit for the year ended 31 December 2015 would be HK$14.7 million, representing a growth of approximately 36.1% when compared to the year ended 31 December 2014.

DESCRIPTION OF SELECTED LINE ITEMS OF COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

We generated our revenue from the provision of integrated systems and maintenance service during the Track Record Period.

During the Track Record Period, our Group's revenue increased from approximately HK$441.8 million for the year ended 31 December 2014 to approximately HK$515.7 million for the year ended 31 December 2015, representing an increase of approximately 16.7%.

Set forth below are the details of our Group's revenue by business segments during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
System integration	395,361	89.5	439,732	85.3
Maintenance service	46,444	10.5	75,972	14.7
	441,805	100.0	515,704	100.0

System integration

The systems we integrate for our customers generally contain network connectivity, cloud computing and security elements. For each of the two years ended 31 December 2015, revenue from our system integration projects were approximately HK$395.4 million and HK$439.7 million, respectively, and represented approximately 89.5% and 85.3% of our total revenue, respectively.

Maintenance service

In general, our maintenance service assists our customers to keep their systems in good condition by identifying and resolving technical issues in such systems. The systems under our purview may include integrated systems with hardware and/or software components. For each of the two years ended 31 December 2015, revenue from our maintenance service were approximately HK$46.4 million and HK$76.0 million, respectively, and represented approximately 10.5% and 14.7% of our total revenue, respectively.

Cost of sales

Set forth below are the details of our cost of sales during the Track Record Period:

	Year ended 31 December			
	2014		2015	
	HK$'000	*%*	*HK$'000*	*%*
Hardware and software components	281,122	74.1	375,754	84.9
Direct labour	17,628	4.6	26,910	6.1
Subcontracting cost	78,960	20.8	38,095	8.6
Others	2,025	0.5	1,873	0.4
	379,735	100	442,632	100

For each of the two years ended 31 December 2015, our cost of sales was approximately HK$379.7 million and HK$442.6 million, respectively. Our cost of sales mainly comprises cost of hardware and software components, direct labour cost and subcontracting cost.

Hardware and software components

Cost of hardware and software components represents the amounts paid and payable to suppliers for equipment and parts used in our system integration projects, and accounts for most of our cost of sales. For each of the two years ended 31 December 2014 and 2015, the cost of hardware and software components represented 74.1% and 84.9% of our cost of sales, respectively.

Direct labour

Direct labour cost represents compensation and benefits provided to our Group's engineers employed by us who are directly involved in the provision of our Group's services. For each of the two years ended 31 December 2015, direct labour cost represented 4.6% and 6.1% of our cost of sales, respectively.

Subcontracting cost

Subcontracting cost represents the fees paid and payable to subcontractors we engaged for our system integration projects and maintenance projects. Depending on the complexity of the project, we may engage subcontractors to handle some construction works and/or ancillary installation of the hardware components of our systems. For some of our projects located in distanced cities, we may also engage subcontractors based within the vicinity of the project sites. For each of the two years ended 31 December 2015, subcontracting cost represented 20.8% and 8.6% of our cost of sales, respectively. Please refer to the paragraph headed "Period to Period Comparison of Results of Operation — Cost of Sales" in this section for the reasons for the decrease in subcontracting cost.

Sensitivity analysis

For illustrative purpose, the following table demonstrates the sensitivity analysis of the estimated increase/decrease of our profit before tax in relation to the general percentage changes to the cost of hardware and software components, direct labour and subcontracting assuming all other factors remain unchanged:

	Impact on profit before tax:	
	Year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Cost of hardware and software components increase/decrease by:		
+10%	(28,112.2)	(37,575.4)
+5%	(14,056.1)	(18,787.7)
-5%	14,056.1	18,787.7
-10%	28,112.2	37,575.4
Cost of direct labour increase/decrease by:		
+10%	(1,762.8)	(2,691.0)
+5%	(881.4)	(1,345.5)
-5%	881.4	1,345.5
-10%	1,762.8	2,691.0
Cost of subcontracting increase/decrease by:		
+10%	(7,896.0)	(3,809.5)
+5%	(3,948.0)	(1,904.8)
-5%	3,948.0	1,904.8
-10%	7,896.0	3,809.5

Gross profit and gross profit margin

Our gross profit for each of the two years ended 31 December 2015 amounted to approximately HK$62.1 million and HK$73.1 million, respectively, representing an overall gross profit margin of 14.0% and 14.2%, respectively.

The following table sets forth a breakdown of the gross profit and gross profit margin during the Track Record Period by business segments:

	Year ended 31 December			
	2014		2015	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK$'000	*%*	*HK$'000*	*%*
System integration	47,096	11.9	46,908	10.7
Maintenance service	14,974	32.2	26,164	34.4
	62,070	14.0	73,072	14.2

The higher gross profit margin of our maintenance service segment as compared to that of our system integration segment was mainly attributable to the fact that maintenance service usually only involves labour cost and generally does not require the purchase of hardware and software. However, our engineers need to possess the necessary knowledge of the entire system and be able to identify and fix the errors or defects in a short period of time in order to minimise the amount of down time on our customer's systems. As a result, we are often able to set the price of our maintenance service higher.

Other income

The following table sets forth a breakdown of our Group's other income during the Track Record Period:

	For the year ended 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Interest income	743	436
Claims awarded by the court	—	960
Gain on disposal of available-for-sale financial assets	—	116
Others	420	418
Total	1,163	1,930

Interest income for both years mainly represented interest received from bank deposits and interest earned from a loan granted to a Director.

Claims awarded by the court represented the amount received in respect of a dispute with one of our business partners who acted as joint contractor with us in a completed project. Such case had been concluded and settled in 2015. For details, please refer to the paragraph headed "Period to Period Comparison of Results of Operation — Other income" in this section.

Selling and administrative expenses

The following table sets forth a breakdown of our Group's operating expenses during the Track Record Period:

	Year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Salaries and staff benefits	28,370	32,114
Rental and management fee expenses	2,100	2,721
Depreciation	1,838	2,052
Legal and professional fees	1,110	8,545
Office expenses	1,902	2,364
Travelling and entertainment	5,869	6,420
Research and development	2,433	2,394
Impairment of trade receivables	1,320	1,371
Insurance	639	639
Exchange losses	471	402
Others	4,038	4,312
	50,090	63,334

Our operating expenses mainly consisted of staff costs, which represented the salaries and other staff benefits of the sales teams, management and other administrative staff. Legal and professional fees in 2015 mainly represented the expenses incurred in connection with the [REDACTED] of approximately HK$[REDACTED] million, details of which are set out in the paragraph headed "[REDACTED] expenses" in this section. Travelling and entertainment expenses mainly represented costs incurred for marketing and business development. Research and development costs represented our manpower cost incurred in testing the functionalities of hardware and software, analysing testing results of the efficiency of the combinations of hardware and software and providing technical support to engineers.

Finance costs

The following table sets forth a breakdown of our Group's finance costs during the Track Record Period:

	For the year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Interests on borrowings	241	179
Finance lease interest expenses	28	14
Total	269	193

Income tax expense

Income tax expense primarily consists of provisions for Korean current and deferred income tax expenses. Our effective tax rates were approximately 16.3% and 29.1% for each of the two years ended 31 December 2015, respectively.

Our Company and subsidiaries are 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.

Korea

Korean Corporate Income Tax is charged at the progressive rate from 11% to 24.2% for the estimated assessable profit derived worldwide by the Korea subsidiary for each of the financial years during the Track Record Period. The applicable Korean Corporate Income Tax rates during the Track Record Period are as follows:

- 11% on assessable profit up to the first KRW200 million (equivalent to approximately HK$1.3 million)
- 22% on assessable profit in excess of KRW200 million (equivalent to approximately HK$1.3 million) and up to KRW20 billion (equivalent to approximately HK$131.9 million).
- 24.2% on assessable profit in excess of KRW20 billion (equivalent to approximately HK$131.9 million)

Hong Kong

No Hong Kong Profits Tax has been provided as the subsidiary in Hong Kong did not have assessable profits which are subject to tax during the Track Record Period.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATION

Year ended 31 December 2014 compared to year ended 31 December 2015

Revenue

Our overall revenue increased by approximately 16.7% from HK$441.8 million for the year ended 31 December 2014 to HK$515.7 million for the year ended 31 December 2015. Such increase was mainly attributable to the increase in the business volume of our Group, which was in line with the increase in demand for integrated systems and maintenance service in Korea.

System integration

Our revenue derived from the system integration segment increased by approximately 11.2% from HK$395.4 million for the year ended 31 December 2014 to HK$439.7 million for the year ended 31 December 2015. Such increase was mainly attributable to the increase in the number of projects undertook by us, from 291 projects for the year ended 31 December 2014 to 342 projects for the year ended 31 December 2015.

Maintenance service

Our revenue derived from maintenance service increased by approximately 63.6% from HK$46.4 million for the year ended 31 December 2014 to HK$76.0 million for the year ended 31 December 2015. In 2015, we entered into two new sizeable maintenance service contracts with Korea government entities. The revenue recognised for each of these projects was over HK$8 million each, which was the main reason for the increase in revenue in this segment.

Cost of sales

Our total cost of sales increased by approximately 16.6% from HK$379.7 million for the year ended 31 December 2014 to HK$442.6 million for the year ended 31 December 2015. Such increase was mainly attributable to the increase in our business volume and was in line with our revenue growth.

Hardware and software components

The cost of hardware and software components was the most significant component of our cost of sales throughout the Track Record Period. Such amount increased by approximately 33.7% from HK$281.1 million for the year ended 31 December 2014 to HK$375.8 million for the year ended 31 December 2015.

The percentage increase in the cost of hardware and software components was higher than the percentage increase in total cost of sales, which was mainly due to the change in the mixture of hardware and software components required for our projects. As discussed below, we incurred less subcontracting cost in 2015 and therefore the percentage of hardware and software components to the total cost rose in 2015.

Direct labour

Direct labour cost increased by approximately 52.7% from HK$17.6 million for the year ended 31 December 2014 to HK$26.9 million for the year ended 31 December 2015. Such increase was mainly attributable to the hiring of additional engineers in response to our business needs. The number of engineers increased from 64 as at 31 December 2014 to 103 as at 31 December 2015.

Subcontracting cost

Subcontracting cost decreased by approximately 51.8% from HK$79.0 million for the year ended 31 December 2014 to HK$38.1 million for the year ended 31 December 2015. In 2014, we undertook several sizeable system integration projects such as projects codenamed P1, P2 and P5 as described in the paragraph headed "1. System Integration — Our top 10 projects" under the section headed "Business", where the relevant project sites were located in some distanced cities from our office in Seoul. It was more efficient for us to engage subcontractor based in the vicinity of the project sites to handle those projects, which resulted in the subcontracting cost amounting to HK$79.0 million in 2014. As our projects in 2015 were generally located closer to Seoul, we therefore recorded a decrease in our subcontracting cost.

Gross profit and gross profit margin

Our gross profit increased by approximately 17.7% from HK$62.1 million for the year ended 31 December 2014 to HK$73.1 million for the year ended 31 December 2015. Such increase was in line with the increase in our revenue. Our gross profit margin improved slightly from 14.0% for the year ended 31 December 2014 to 14.2% for the year ended 31 December 2015.

System integration

For the system integration segment, our gross profit decreased by approximately 0.4% from HK$47.1 million for the year ended 31 December 2014 to HK$46.9 million for the year ended 31 December 2015. Our gross profit margin also decreased from 11.9% for the year ended 31 December 2014 to 10.7% for the year ended 31 December 2015. Such decrease was mainly attributable to the relatively lower profit margin of the Incheon International Airport Project (the project codenamed P11 in the paragraph headed "1. System Integration — Our top 10 projects" under the section headed "Business" in this document) we undertook in 2015. Owing to the fierce competition we perceived in the tendering process for this project, we priced our services with a lower profit margin as we believe that Incheon International Airport Corporation is a reputable customer which can help improve our market recognition.

Maintenance service

For the maintenance service segment, our gross profit increased by approximately 74.7% from HK$15.0 million for the year ended 31 December 2014 to HK$26.2 million for the year ended 31 December 2015. Such increase was in line with the increase in revenue derived from the maintenance service segment. Our gross profit margin also improved from 32.2% for the year ended 31 December 2014 to 34.4% for the year ended 31 December 2015. Our customers who engaged us in their system integration projects often recognise the quality of our services and request us to provide maintenance service to keep their systems in good working order. As an entrusted service provider to our customers, we were able to price our maintenance service higher which had led to the improvement in the gross profit margin.

Other income

Other income increased by approximately 66.0% from HK$1.2 million for the year ended 31 December 2014 to HK$1.9 million for the year ended 31 December 2015. Such increase was mainly attributable to the receipt of claims awarded by the court in respect of a dispute with our business partner (the "**Defendant**") in a completed project. The Defendant and us acted as joint contractors in the said project. For the smooth completion of the project, we settled certain project costs on behalf of the Defendant in 2014. The Defendant subsequently denied reimbursing us for such costs and therefore we brought action against it. The case had been concluded and settled in 2015.

Selling and administrative expenses

Our operating expenses increased by approximately 26.4% from HK$50.1 million for the year ended 31 December 2014 to HK$63.3 million for the year ended 31 December 2015.

Salaries and staff benefits represented the largest component of our operating expenses for both years ended 31 December 2014 and 2015. Such amount increased by approximately 13.2% from HK$28.4 million for the year ended 31 December 2014 to HK$32.1 million for the year ended 31 December 2015, which was mainly attributable to the hiring of additional salespersons along with the expansion of the Group. The number of salespersons increased from 33 as at 31 December 2014 to 44 as at 31 December 2015.

Legal and professional fees increased significantly from HK$1.1 million for the year ended 31 December 2014 to HK$8.5 million for the year ended 31 December 2015. Such increase was mainly attributable to the expenses incurred in 2015 in connection with the [REDACTED], details of which are set forth in the paragraph headed "[REDACTED] Expenses" in this section.

Travelling and entertainment expenses increased by approximately 9.4% from HK$5.9 million for the year ended 31 December 2014 to HK$6.4 million for the year ended 31 December 2015. Such increase was in line with the increase in the business activities of our Group, which is consistent with the increase in revenue as well as the increase in the number of staff.

The remaining operating expenses mainly represented rental expenses, miscellaneous office expenses, research and development costs, impairment of trade receivables, insurance costs and exchange losses. Such amount increased by approximately 10.3% from HK$14.7 million for the year ended 31 December 2014 to HK$16.3 million for the year ended 31 December 2015. Such increase was mainly attributable to the increase in rental and management fee expenses as our Group moved to a new office in 2015, and the increase in other office expenses due to the increase in our Group's business activities.

Finance costs

Finance costs decreased by approximately 28.3% from HK$0.3 million for the year ended 31 December 2014 to HK$0.2 million for the year ended 31 December 2015. Such decrease was mainly attributable to the decrease in interest paid for our Group's borrowings for the year ended 31 December 2015.

Income tax

Income tax increased by approximately 59.3% from HK$2.1 million for the year ended 31 December 2014 to HK$3.3 million for the year ended 31 December 2015. Despite the decrease in profit before tax, our Group recorded an increase in assessable profits as the expenses incurred in relation to the [REDACTED] in 2015 are non-deductible for taxation purpose.

Profit for the year

As a result of the foregoing, our profit for the year decreased by approximately 24.5% from HK$10.8 million for the year ended 31 December 2014 to HK$8.1 million for the year ended 31 December 2015. Despite the increase in our revenue, we incurred significantly higher operating expenses, which included non-recurring expenses in connection with the [REDACTED] during the year ended 31 December 2015 and hence led to the decline in our net profit.

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our working capital needs primarily through cash flow generated from our operations and external financing. Our primary uses of cash are for funding the operations of our projects, capital expenditure and other general working capital use. After completion of the [REDACTED], we expect our sources of funds will be a combination of operating cash flows, external financing and [REDACTED] from the [REDACTED].

We regularly monitor our liquidity requirements to ensure that we maintain sufficient cash resources for our working capital and capital expenditure needs. During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in settling our obligations in the normal course of business which would have had a material impact to our business, financial condition or results of operations.

General economic conditions may affect our ability to secure credit facilities to settle our payment obligations. In the event of any cancellation of purchase orders and/or default on payment obligations by our customers, our cash flow, business operation and profitability could be adversely affected.

The following table summarises, for the periods indicated, our combined statements of cash flows:

	For the year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Net cash generated from operating activities	30,552	43,073
Net cash used in investing activities	(10,607)	(2,678)
Net cash (used in)/generated from financing activities	(1,331)	4,955
Net increase in cash and cash equivalents	18,614	45,350
Cash and cash equivalents at beginning of year	11,814	29,833
Effect of exchange rate changes on cash and cash equivalents	(595)	(3,940)
Cash and cash equivalents at end of year	29,833	71,243

Operating activities

Our sources of cash inflow from operating activities mainly include receipt of payments in relation to our system integration and maintenance service projects. The sources of our cash outflow from operating activities mainly include payments for the purchase of hardware and software components, subcontracting cost and staff costs.

For the year ended 31 December 2014, our net cash generated from operating activities was approximately HK$30.6 million. The net cash generated was mainly attributable to (i) profit before tax derived by the Group of HK$12.9 million; (ii) adjusted for non-cash expenses such as depreciation of HK$2.7 million, provision for impairment of trade receivables of HK$1.3 million and provision for impairment of inventories of HK$1.2 million; (iii) net cash inflow from the changes in the balances of trade and other receivables/payables of HK$4.4 million; (iv) net cash inflow from the decrease in amounts due from contract customers and increase in amounts due to contract customers of HK$6.6 million; (v) cash inflow from the decrease in the balance of inventories of HK$4.4 million; (vi) cash outflow from tax paid of HK$1.5 million; and (vii) cash outflow from the decrease in net defined benefit obligations of HK$1.4 million.

For the year ended 31 December 2015, our net cash generated from operating activities was approximately HK$43.1 million. The net cash generated was mainly attributable to (i) profit before tax derived by the Group of HK$11.5 million; (ii) adjusted for non-cash expenses such as depreciation of HK$3.6 million and provision for impairment of trade receivables of HK$1.4 million; (iii) net cash inflow from the changes in the balances of trade and other receivables/payables of HK$47.9 million; (iv) net cash outflow from the increase in amounts due from contract customers and amounts due to contract customers of HK$6.0 million; (v) cash outflow from the decrease in bills payable of HK$5.6 million; (vi) cash inflow from the decrease in the balance of inventories of HK$3.0 million; (vii) cash outflow from the increase in prepayments of HK$3.8 million; (viii) cash outflow from the increase in long term deposits of HK$4.2 million; (ix) cash outflow from tax paid of HK$3.7 million; and (x) cash outflow from the decrease in net defined benefit obligations of HK$1.3 million.

Investing activities

For the year ended 31 December 2014, our net cash used in investing activities was approximately HK$10.6 million. The net cash used was mainly attributable to (i) cash outflow from the purchases of plant and equipment of HK$6.8 million; (ii) cash outflow from the purchases of available-for-sale financial assets of HK$2.5 million; and (iii) cash outflow from the provision of loan to a director of HK$2.0 million.

For the year ended 31 December 2015, our net cash used in investing activities was approximately HK$2.7 million. The net cash used was mainly attributable to (i) cash outflow from the purchases of plant and equipment of HK$6.8 million; (ii) net cash inflow from the sales and purchases of available-for-sale financial assets of HK$1.8 million; (iii) cash inflow from the disposal of motor vehicles and equipment of HK$0.5 million; and (iv) cash inflow from the repayment of loan granted to a director of HK$1.9 million.

Financing activities

For the year ended 31 December 2014, our net cash used in financing activities was approximately HK$1.3 million. The net cash used was mainly attributable to (i) cash outflow from the payment of dividend of HK$1.6 million; (ii) cash outflow from the repayment of obligations under finance leases of HK$0.4 million; and (iii) net cash inflow from the proceeds less repayment of bank borrowings of HK$0.9 million.

For the year ended 31 December 2015, our net cash generated from financing activities was approximately HK$5.0 million. The net cash generated was mainly attributable to (i) net cash inflow from the proceeds less repayment of bank borrowings of HK$7.4 million; (ii) cash inflow from the shareholder loan granted by AMS of HK$6.3 million; (iii) cash outflow from the payment of dividend of HK$8.4 million; and (iv) cash outflow from the repayment of obligations under finance leases of HK$0.2 million.

NET CURRENT ASSETS

The following table sets forth the breakdown of our current assets, current liabilities and net current assets as at 31 December 2014 and 2015, and 30 April 2016, being the latest practicable date for determining our Group's indebtedness:

	As at 31 December		As at 30 April
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000 (Unaudited)*
Current assets			
Inventories	12,940	8,326	23,430
Trade and other receivables	110,255	97,318	54,669
Amounts due from contract customers	2,607	8,658	2,441
Prepayments	2,125	5,786	6,755
Available-for-sale financial assets	2,086	—	—
Fixed bank deposits	4,873	4,815	10,172
Cash and cash equivalents	29,833	71,243	53,100
	164,719	196,146	150,567
Current liabilities			
Trade and other payables	104,097	133,476	78,770
Amounts due to contract customers	1,969	2,305	14,628
Amount due to AMS	—	6,341	9,572
Bank borrowings	10,909	11,887	6,888
Current-portion of obligations under finance leases	212	77	50
Tax payable	2,224	2,576	748
	119,411	156,662	110,656
Net current assets	45,308	39,484	39,911

Our current assets primarily consisted of inventories, trade and other receivables, amounts due from contract customers, prepayments, available-for-sale financial assets, fixed bank deposits, cash and cash equivalents. Our current liabilities primarily consisted of trade and other payables, amounts due to contract customers, amount due to AMS, bank borrowings and tax payable.

Our net current assets decreased by approximately HK$5.8 million from approximately HK$45.3 million as at 31 December 2014 to approximately HK$39.5 million as at 31 December 2015, representing a decrease of 12.9%. The decrease in our net current assets was primarily attributable to the combined effects of (i) increase in trade and other payables of HK$29.4 million; (ii) decrease in trade and other receivables of HK$12.9 million; (iii) increase in amount due to AMS of HK$6.3 million; (iv) decrease in inventories of HK$4.6 million; and (v) decrease in available-for-sale financial assets of HK$2.1 million. Such decrease was partially offset by (i) increase in cash and cash equivalents of HK$41.4 million; (ii) increase in amounts due from contract customers of HK$6.1 million; and (iii) increase in prepayments of HK$3.7 million.

Our net current assets increased by approximately HK$0.4 million from approximately HK$39.5 million as at 31 December 2015 to approximately HK$39.9 million as at 30 April 2016, representing an increase of 1.08%. The increase in our net current assets was primarily attributable to the combined effects of (i) increase in inventories of HK$15.1 million; (ii) increase in fixed bank deposits by HK$5.4 million; (iii) decrease in bank borrowings by HK$5.0 million; and (iv) decrease in trade and other payables of HK$54.7 million. Such increase was partially offset by (i) decrease in trade and other receivables of HK$42.6 million; (ii) decrease in cash and cash equivalents by HK$18.1 million; (iii) decrease in amounts due from contract customers of HK$6.2 million; and (iv) increase in amounts due to contract customers of HK$12.3 million.

DESCRIPTION OF CERTAIN ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

The following table sets out the carrying values of our property, plant and equipment as at the dates indicated:

	Leasehold improvement	Equipment	Furniture and fixtures	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2014	134	9,019	86	1,034	10,273
As at 31 December 2015	499	11,350	191	572	12,612

A majority of our Group's fixed assets are equipment, which accounted for approximately 87.8% and 90% of our Group's total fixed assets as at 31 December 2014 and 2015, respectively. Equipment mainly includes the personal computers used by individual staff, testing equipment used by engineers, as well as equipment used for providing our maintenance services.

The balance of equipment increased from HK$9.0 million as at 31 December 2014 to HK$11.4 million as at 31 December 2015 as a result of new additions of maintenance equipment in the year of 2015, which was in line with the increase in the number of projects as well as the number of staff employed in 2015.

Gross amounts due from/to contract customers

In some of our system integration projects, we send progress billings to customers in accordance with the payment schedule as stipulated in our contracts. However, there is often a timing difference between the recognition of revenue and the issuance of our progress billings. Amounts due from contract customers represents the surplus derived when the contract costs incurred to date plus recognised profits less losses exceed progress billings, while amounts due to contract customers represents the surplus derived when the progress billings exceed contract costs incurred to date plus recognised profits less losses.

	As at	
	31 December 2014	31 December 2015
	HK$'000	*HK$'000*
Amounts due from contract customers	2,607	8,658
Amounts due to contract customers	1,969	2,305

The amounts due from/to contract customers are affected by the extent and value of services we have provided close to the end of each reporting period for each project and the timing difference between our revenue recognition and our progress billing, and thus vary from period to period.

Amounts due from contract customers increased significantly from HK$2.6 million as at 31 December 2014 to HK$8.7 million as at 31 December 2015, which was mainly attributable to our work done on a sizeable system integration project in 2015, but no corresponding progress billing was made as the project milestone had not yet been reached by the end of 2015.

Inventories

Our inventories mainly comprise hardware and software components we purchased from our suppliers for our system integration projects. As at 31 December 2014 and 2015, inventories amounted to approximately HK$12.9 million and HK$8.3 million, respectively. A majority of our inventory items have been earmarked for specific system integration projects contracted with customers. However, we do carry some general components that are commonly used in our system integration projects.

The following table sets forth the components of our inventories as of the dates indicated.

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Hardware	11,792	7,259
Software	1,148	1,067
	12,940	8,326

Hardware has accounted for a majority of our inventories as at both years ended 31 December 2014 and 2015.

The following table sets forth the turnover days of our inventories as at the dates indicated.

	As at 31 December	
	2014	2015
Average inventory turnover days[(Note)]	20.7	10.3

Note: Average inventory turnover days equal average inventory multiplied by 365 days and divided by the cost of hardware and software components for the year.

It is our usual practice to request equipment suppliers to deliver the hardware and software components to our warehouses for testing and inspection before we integrate such components into our systems at project sites. Our average inventory turnover days were 20.7 days and 10.3 days for each of the two years ended 31 December 2015, respectively. As our Group's business and the order of our inventory is carried out on a project basis, our inventory balance at a point of time may fluctuate subject to the size and progress of our projects. As a result, the average inventory turnover days may also vary.

Provision for impairment of inventories of HK$1.2 million and HK$0.3 million was made for each of the two years ended 31 December 2015, respectively. The provision in 2014 was related to some hardware components which we pre-ordered for two of our long standing customers but were no longer required by them subsequently. As such customer frequently engaged us to perform system integration in its other projects, our Directors, for the sake of relationship, did not request compensation and we managed to dispose of such components at about half of their costs in 2015.

The provision in 2015 was related to some unused rare parts for which the supplier subsequently set a minimum quantity when we purchased them. As the unused rare parts were not commonly used in other projects, provision for impairment was made in respect of those inventories.

Trade and other receivables

The following table sets forth a breakdown of trade and other receivables as at the dates indicated:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Trade debtors	111,280	100,991
Less: Provision for impairment of trade receivables	(6,125)	(6,611)
	105,155	94,380
Loan to director	1,920	—
Rental deposit	2,846	—
Retention money receivable	—	2,275
Others	334	663
	110,255	97,318

i. Trade receivables

Our trade receivables primarily consist of amount receivables from customers for our system integration projects and provision of maintenance services. The balance of trade receivables decreased from HK$105.2 million as at 31 December 2014 to HK$94.4 million as at 31 December 2015 as a result of the receipts of trade receivables proceeds for of several larger size government projects close to the end of 2015.

The following table sets forth the aging analysis of our net trade receivables presented based on invoice date, as at the dates indicated.

	As at 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Less than 3 months	89,885	72,119
3 to 6 months	12,184	14,532
6 to 12 months	922	6,260
More than 12 months	2,164	1,469
	105,155	94,380

Our Group generally grants our customers a credit period of 90 days from the date of invoice. On a case-by-case basis, customers with good credit quality and repayment history may be granted a longer credit period. In addition, in some system integration project, the work we handled only formed part of the customer's entire system, and the customer also engaged other contractors to handle the system integration work for other portion of the system. In such case, only until every contractor finished their respective work, the customer would not be able to test the functioning of the entire system. To the best knowledge of our Directors, it is the industry practice that the customer would only pay the contractors when the testing of the entire system is satisfactorily performed. Therefore, we have recorded receivables aged more than 90 days. Trade receivables that had been outstanding for more than 90 days as at 31 December 2014 and 31 December 2015 accounted for 14.5% and 23.6% of the total trade receivables, of which approximately 85% and 93.2% were related to the aforementioned projects where the customers settled the amounts only after the entire system was tested. These trade receivables are related to a number of customers for whom there was no recent history of default. The management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

In respect of the trade receivables that are aged over three months, our salespersons contact the respective customers to expedite the settlement, and continue to monitor the financial condition of the customers to assess if there is any recoverability risk in the collection of the outstanding amounts. If there is objective evidence that indicates the balance has become doubtful debts, impairment provision will be made in relation to the amount outstanding. Save for the impairment provision of HK$1.3 million and HK$1.4 million made for each of the two years ended 31 December 2015, respectively, our Group did not have any bad debt or provision made for our trade and other receivables during the Track Record Period. Of the trade receivables that had been outstanding for more than six months as

at 31 December 2015, approximately HK$6.7 million or 86.4% of them had been settled as at the Latest Practicable Date. We do not hold any collateral or other credit enhancements over our trade receivable balances. All of the trade receivables as at 31 December 2014 and 2015 are non-interest bearing.

The table below sets forth a summary of debtors' turnover days as at the dates indicated:

	As at 31 December	
	2014	2015
Debtors' turnover days[(Note)]	85.5	70.6

Note: Debtors' turnover days equal average trade receivables multiplied by 365 and divided by revenue for the year.

Our debtors' turnover days were 85.5 days and 70.6 days for each of the two years ended 31 December 2015, respectively, and were within the range of credit period granted by our Group to customers, which is 90 days. The relatively shorter debtors' turnover days for 2015 was in line with the decrease in the balance of trade receivables as at 31 December 2015. 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 receivables may also be affected.

As at the Latest Practicable Date, approximately HK$82 million or 86.5% of our trade receivables outstanding as at 31 December 2015 had been settled.

ii. Loan to director

The amount as at 31 December 2014 represented a loan granted to Mr. Lee which bore interest at 6.9% per annum. Such amount had been fully repaid in 2015.

iii. Rental deposit

The balance as at 31 December 2014 represented the rental deposit placed by our Group for the previous office premises. In 2015, our Group moved to a new office premises and the rental deposit placed with the new landlord was accounted for as non-current deposits as shown in the combined statement of financial position. As a result, the balance of the current portion dropped to nil as at 31 December 2015.

iv. Retention money receivable

This represented the retention money withheld by one of our customers in respect of the Incheon Airport Project we undertook in 2015. The amount represented 10% of our aggregate progress billings up to 31 December 2015 in respect of that project and will be returned to our Group upon completion of the project. In 2014, there was no project that required retention monies to be withheld and thus the balance at 31 December 2014 was nil.

Prepayments

In order to provide comprehensive maintenance service to our customers, we are often required to purchase back-to-back maintenance service in respect of the hardware components sourced from some of our suppliers, who have the proprietary knowledge in identifying and fixing certain defects. Prepayments mainly represented our payment in advance for the maintenance service to be received over a fixed period from our suppliers. The balance of prepayments increased from HK$2.1 million as at 31 December 2014 to HK$5.8 million as at 31 December 2015. Such increase was mainly attributable to the increase in our business volume in the maintenance service segment and therefore a higher level of corresponding maintenance service from our suppliers was required.

Available-for-sale financial assets

The following table sets forth our available-for-sale financial assets as at the dates indicated:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Non-current		
Unlisted equity securities, at cost	2,166	2,008
Investment in savings-type insurance policies	3,843	3,906
	6,009	5,914
Current		
Unlisted investment funds	2,086	—
Total	8,095	5,914

i. Unlisted equity securities, at cost

This mainly represented the investment in the shares of KSFC. KSFC was established in 1998 together by the Korea government and various market participants in the IT industry pursuant to the SIP Act with the purpose of promoting the development of the IT industry in Korea. Depending on the amount of investment in KSFC, a member of KSFC is granted a certain amount of guarantee limit by KSFC for use in its operation. The types of guarantees provided by KSFC include bidding guarantees, contract guarantees, defect guarantees, prepayment guarantees and payment guarantees. During the Track Record Period, our Group's investment in KSFC amounted to KRW300 million (equivalent to approximately HK$2.0 million as at 31 December 2015) and represented approximately 0.18% interest in KSFC. The aggregate amount of guarantees utilised by our Group as at 31 December 2014 and 2015 amounted to HK$198.7 million and HK$184.4 million, respectively.

ii. Investment in savings-type insurance polices

These include two categories of savings-type insurance policies invested by our Group. The first one is an accident insurance plan where the insured are our Group's employees. The second one is related to a life insurance plan where the insured is Mr. Suh. For both insurance plans, the beneficiary is Global Telecom, a member of our Group. The carrying amounts as at 31 December 2014 and 2015 represented the account values of both policies.

iii. Unlisted investment funds

Unlisted investment funds represented short term investment products purchased by our Group for treasury management. All investment products had been disposed of before the end of 2015. In accordance with our treasury policy, we will generally deploy our surplus funds into short-term bank deposits, and currently has no plan to invest in other investment products in the foreseeable future.

Our treasury policy

From time to time we may have surplus funds depending on the timing for the collection of receivables from our customers and payments to suppliers. We maintain a prudent treasury policy, and generally deploy our surplus funds into short-term bank deposits. We generally do not enter into any other investments in financial assets except for the non-current available-for-sale financial assets with nature as detailed above. Any investments in financial assets are required to be reviewed and approved by our chief financial officer, Mr. Ryoo, and also by our chairman and executive Director, Mr. Suh. Our audit committee will also review our internal procedures in respect of the monitoring of all transactions, including reviewing and assessing the nature of any possible transactions which may constitute notifiable transactions, connected transactions and/or other transactions required to be disclosed under the GEM Listing Rules before such transactions are committed by our Group or other appropriate actions should be taken and, if necessary, the audit committee will seek advice from the professional advisers.

Trade payables, other payables and accruals

The following table sets forth a breakdown of trade and other payables as at the dates indicated:

	As at 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Trade payables	80,869	111,583
Dividend payable	14,075	5,325
VAT payables	3,374	3,905
Advance receipts	24	3,509
Accruals and other payables	5,755	9,154
	104,907	133,476

i. Trade payables

Our trade payables mainly represented amounts payable to our suppliers for the purchases of hardware and software components for system integration projects. The balance increased from HK$80.9 million as at 31 December 2014 to HK$111.6 million as at 31 December 2015. This is primarily due to the increase in our business activities in the last quarter of 2015, which led to the increase in the volume of our purchases from suppliers and the increase in the balance of outstanding trade payables at the end of 2015.

The following table sets out the ageing analysis of our trade payables as at the end of each of the reporting dates presented based on the invoice dates:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Less than 1 month	43,954	72,813
1 to 3 months	21,764	15,265
3 to 6 months	14,183	17,726
More than 6 months	968	5,779
	80,869	111,583

As at Latest Practicable Date, approximately HK$98.1 million or 88.0% of our trade payables outstanding as at 31 December 2015 had been settled. Of the trade payables that had been outstanding for more than six months as at 31 December 2015, approximately of HK$5.4 million or 93.2% of them had been settled as at the Latest Practicable Date.

The table below sets forth a summary of creditors' turnover days as at the dates indicated:

	As at 31 December	
	2014	2015
Creditors' turnover days*(Note)*	73.6	79.3

Note: Creditors' turnover days equal average trade payables multiplied by 365 and divided by total costs of sales for the year.

Our suppliers and subcontractors normally grant us a credit period of up to 90 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 payable aged over 90 days at the year end date. The creditors' turnover days were 73.6 days and 79.3 days for each of the two years ended 31 December 2015, respectively, which were within the credit periods granted by our suppliers and subcontractors. The increase in creditors' turnover days was in line with the increase in the balance of trade payables as at 31 December 2015.

ii. Advance receipts

This mainly represented the contract amounts received from customers for which the corresponding work/services had not been rendered. This happens for some government projects where an up front deposit is paid upon signing of contract. The balance of HK$3.5 million as at 31 December 2015 was mainly attributable to two government projects, where the relevant services will be rendered by June 2016.

iii. Accruals and other payables

Accruals and other payables mainly represent the accruals for staff costs and [REDACTED] expenses. The balance increased from HK$5.8 million as at 31 December 2014 to HK$9.2 million as at 31 December 2015, which was mainly attributable to the increase in accrual for incentive bonus payable to employees and the accrual of [REDACTED] expenses.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into consideration the financial resources presently available to us, including banking facilities and other internal resources, and the estimated [REDACTED] from the [REDACTED], we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this document.

Save as disclosed in this document, our Directors are not aware of any other factors that would have a material impact on our Group's liquidity. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in the section headed "Business Objectives and Future Plans" in this document.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the period as indicated:

	As at/For the year ended 31 December	
	2014	*2015*
Gross profit margin*(Note 1)*	14.0%	14.2%
Net profit margin*(Note 2)*	2.4%	1.6%
Return on equity*(Note 3)*	17.2%	12.6%
Return on total assets*(Note 4)*	5.9%	3.7%
Current ratio*(Note 5)*	1.4 times	1.3 times
Quick ratio*(Note 6)*	1.3 times	1.2 times
Gearing ratio*(Note 7)*	17.9%	28.5%
Net debt to equity ratio*(Note 8)*	Net cash	Net cash
Interest coverage ratio*(Note 9)*	48.9 times	60.5 times
For illustrative purpose:		
Adjusted net profit margin*(Note 10)(Note 13)*		2.8%
Adjusted return on equity *(Note 11)(Note 13)*		22.8%
Adjusted return on total assets*(Note 12)(Note 13)*		6.6%

Notes:

1. Gross profit margin equals gross profit for the year divided by revenue for the year.
2. Net profit margin equals net profit for the year divided by revenue for the year.
3. Return on equity equals net profit for the year divided by total equity as at the end of the year.
4. Return on total assets equals net profit for the year divided by total assets as at the end of the year.
5. Current ratio equals current assets divided by current liabilities as at the end of the year.
6. Quick ratio equals current assets less inventories divided by current liabilities as at the end of the year.
7. Gearing ratio equals total debt divided by total equity as at the end of the year.
8. Net debt to equity ratio equals net debt divided by total equity as at the end of the year.
9. Interest coverage ratio equals profit before interest and tax for the year divided by interest expenses for the year.
10. Adjusted net profit margin equals adjusted net profit divided by revenue for the year.
11. Adjusted return on equity equals adjusted net profit divided by total equity as at the end of the year.
12. Adjusted return on total assets equals adjusted net profit divided by total assets as at the end of the year.
13. Adjusted net profit is calculated by excluding the [REDACTED] expenses of HK$[REDACTED] million from the net profit for the year.

Gross profit margin

Our gross profit margin was 14.0% and 14.2% for each of the two years ended 31 December 2015. The slight increase was a combined result of the decrease in gross profit margin of the system integration segment and the improvement in gross profit margin of the maintenance service segment. For details, please refer to the paragraph headed "Period to Period Comparison of Results of Operations — Gross Profit and Gross Profit Margin" under the section headed "Financial Information" in this document.

Net profit margin

Our net profit margin was 2.4% and 1.6% for each of the two years ended 31 December 2014 and 2015. Despite the fact that we were able to maintain a stable gross profit margin, we incurred more operating expenses in 2015, a large part of which was related to expenses incurred in connection with the [REDACTED]. This had led to the decline in our net profit margin.

Excluding the non-recurring expenses incurred in connection with the [REDACTED] of HK$[REDACTED] million in 2015, our net profit margin for the year ended 31 December 2015 would increase to 2.8%.

Return on equity

Our return on equity was 17.2% and 12.6% for each of the two years ended 31 December 2015, respectively. Such decrease was mainly due to the decrease in net profit attributable to shareholders of the Group in 2015.

Excluding the non-recurring expenses incurred in connection with the [REDACTED] of HK$[REDACTED] million in 2015, our return on equity for the year ended 31 December 2015 would increase to 22.8%.

Return on total assets

Our return on total assets was 5.9% and 3.7% for each of the two years ended 31 December 2015, respectively. Such decrease was mainly due to the decrease in net profit attributable to shareholders of the Group, as well as the expansion in the Group's total assets in 2015.

Excluding the non-recurring expenses incurred in connection with the [REDACTED] of HK$[REDACTED] million in 2015, our return on total assets for the year ended 31 December 2015 would increase to 6.6%.

Current ratio and quick ratio

Our current ratio decreased from 1.4 times in 2014 to 1.3 times in 2015, whilst our quick ratio decreased from 1.3 times in 2014 to 1.2 times in 2015. Owing to the business nature of our Group, our inventory balance is relatively insignificant. The decrease in current ratio and quick ratio was mainly due to the increase in our current liabilities, which is primarily due to the increase in the balance of our trade payables and amount due to AMS as at 31 December 2015.

Gearing ratio

Our gearing ratio was 17.9% and 28.5% as at 31 December 2014 and 2015, respectively. Such increase was mainly due to the increase in our debt which is attributable to the shareholder loan we obtained from AMS in 2015.

Net debt to equity ratio

We had a net cash position as at 31 December 2014 and 2015.

Interest coverage ratio

Our interest coverage ratio was 48.9 times and 60.5 times for each of the two years ended 31 December 2015, respectively. Such increase was mainly due to the decrease in our finance costs in 2015.

CONTRACTUAL AND CAPITAL COMMITMENTS

Operating lease commitments

As at 31 December 2014, 31 December 2015 and 30 April 2016, our total future minimum lease payments in respect of rented premises under non-cancellable operating lease arrangements were as follows:

	As at 31 December		As at 30 April
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
			(unaudited)
Within one year	506	3,376	3,530
In the second to fifth year, inclusive	—	10,379	9,597
	506	13,755	13,127

Our Group leases a number of premises under operating leases. The leases run for an initial period of one to five years, with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between our Group and respective landlords. The above lease commitments only include commitments for basic rental and none of the lease includes any contingent rental.

Our Group did not have significant capital commitments as at 31 December 2014, 31 December 2015, and 30 April 2016.

INDEBTEDNESS

The following table sets out the amounts of our indebtedness as at the dates indicated:

	As at 31 December		As at 30 April
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
			(Unaudited)
Current liabilities			
- Amount due to AMS	—	6,341	9,572
- Bank borrowings	10,909	11,887	6,888
- Current-portion of obligations under finance leases	212	77	50
	11,121	18,305	16,510
Non-current liabilities			
- Obligations under finance leases	118	32	21
	11,239	18,337	16,531

Amount due to AMS

AMS extended to Future Data (HK) a loan facility of US$2 million in 2015 for the purpose of settling the [REDACTED] expenses of our Group. As advised by the Korean Legal Advisers, Global Telecom is restricted from paying the [REDACTED] expenses for our Company unless it receives: (i) the [REDACTED] directly; or (ii) sufficient arm's length consideration as a third party for funding the [REDACTED] expenses, which would require the approval from the Bank of Korea. Neither Future Data (HK) nor our Company currently have any operation and actual assets of their own. In this connection, the Korean Legal Advisers consider that it is difficult to obtain such approval. As a result, AMS advanced a loan to Future Data (HK) for settlement of the [REDACTED] expenses.

The amount due to AMS represents the amount drawn by us under the aforesaid facility at the above respective dates. The facility is interest free and not secured by any asset of our Group, and the entire balance of the amount due to AMS was capitalised as part of the Reorganisation as set out in sub-paragraph (l) of the paragraph headed "Reorganisation" under the section headed "History, Reorganisation and Corporate Structure" in this document.

Bank borrowings

	As at 31 December		As at 30 April
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000 (Unaudited)*
Unsecured:			
- Bank loans (note (a))	1,202	6,302	3,557
- Bills payable (note (b))	3,649	2,213	557
	4,851	8,515	4,114
Guaranteed:			
- Bills payable (note (b))	5,659	1,050	—
- Other borrowings (note (c))	399	2,322	2,774
	6,058	3,372	2,774
	10,909	11,887	6,888

(a) Our Group recorded outstanding interest-bearing bank loans of approximately HK$1.2 million, HK$6.3 million and HK$3.6 million as at 31 December 2014, 31 December 2015 and 30 April 2016, respectively. The bank loans were mainly raised for settling USD denominated payables of our Group. The effective interest rates of bank loans were 2.28% per annum, 2.16% to 2.58% per annum and 2.27% per annum as at 31 December 2014, 31 December 2015 and 30 April 2016, respectively. All bank loans are repayable within three months from the respective drawdown dates and denominated in USD.

(b) Bills payable represented short term credit facilities granted by banks for our Group to finance the purchase of hardware from overseas vendors. The outstanding bills payable was approximately US$1.2 million (equivalent to approximately HK$9.3 million), US$0.4 million (equivalent to approximately HK$3.3 million) and US$0.07 million (equivalent to approximately HK$0.6 million) as at 31 December 2014, 31 December 2015 and 30 April 2016, respectively.

The effective interest rates of bills payable were 2.0% to 3.1% per annum, 1.32% to 2.47% per annum and 1.83% to 2.39% per annum as at 31 December 2014, 31 December 2015 and 30 April 2016, respectively. Bills payable are repayable with three months from the respective drawdown dates.

(c) Other borrowings mainly represent foreign currency credit card facilities granted by bank amounted to US$51,000 (equivalent to approximately HK$0.4 million), US$0.3 million (equivalent to approximately HK$2.3 million) and US$0.3 million (equivalent to approximately HK$2.7 million) as at 31 December 2014, 31 December 2015 and 30 April 2016, respectively. The foreign currency credit card facilities granted by bank have a credit period of 180 days and bear effective interest rates at 2.30% per annum, 2.22% per annum and 2.03% to 2.28% per annum as at 31 December 2014, 31 December 2015 and 30 April 2016, respectively.

(d) Part of the bank borrowings are guaranteed by Korea Credit Guarantee Fund and Mr. Suh Seung Hyun as follows:-

— Korea Credit Guarantee Fund is a public financial institution established on 1 June 1976 under the provisions of the Korea Guarantee Fund Act. As stipulated in Article 1 of the Korea Guarantee Fund Act, the objective of Korea Credit Guarantee Fund is to lead the balanced development of the national economy by extending credit guarantees for the liabilities of promising small and medium enterprises which lack tangible collateral. In order to achieve such objective, Korea Credit Guarantee Fund performs (i) management of its fundamental property, (ii) credit guarantees and guarantee-linked investment, (iii) business administration guide, (iv) credit investigations and comprehensive management of credit information, (v) exercise of the right to indemnity, (vi) investigations and research of the credit guarantee system; and (vii) any business affair incidental to the affairs provided from (i) to (vi) and approved by the Financial Services Commission of Korea. To the best knowledge of our Directors, Korea Credit Guarantee Fund is an independent third party.

— Korea Credit Guarantee Fund provided foreign and local currency guarantees to a bank in the amounts of approximately US$0.9 million and KRW488 million as at 31 December 2014; and approximately US$0.6 million and KRW488 million as at 31 December 2015 and 30 April 2016, for import financing facilities and bank loans provided to Global Telecom.

— As at 31 December 2014 and 31 December 2015, Mr. Suh provided personal guarantees in the aggregate amount of HK$56,762,000 and HK$12,044,000 in respect of banking facilities of Global Telecom. Such amounts of guarantees represent 100% to 130% of the credit limit in respect of the credit facilities provided to Global Telecom. As at 30 April

2016, an aggregate amount of HK$10,390,000 was provided as personal guarantees by Mr. Suh which represents 100% to 120% of the credit limit in respect of the credit facilities provided to Global Telecom. The personal guarantees provided by Mr. Suh will be released upon [REDACTED] and replaced by corporate guarantees of our Company.

Banking facilities

As at 31 December 2014 and 31 December 2015, our banking facilities amounted to approximately HK$73 million and HK$58 million, respectively. As at 30 April 2016, our banking facilities amounted to approximately HK$61 million, out of which approximately HK$54 million were unutilised and unrestricted.

Obligations under finance leases

Our Group leases certain of its motor vehicles and these leases are classified as finance leases. The lease obligations are secured by the leased assets.

The future lease payments under the finance leases as at the dates indicated are due as follows:

	As at 31 December		As at 30 April
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000 (Unaudited)*
Present value of minimum lease payments:			
Not later than one year	212	77	50
Later than one year but not later than five years	118	32	21
	330	109	71

The amount of obligations under finance leases was approximately HK$0.3 million, HK$0.1 million and HK$0.1 million as at 31 December 2014, 31 December 2015 and 30 April 2016, respectively. The aggregate net carrying amount of our Group's motor vehicles held under finance leases amounted to approximately HK$0.2 million as at 30 April 2016.

The effective interest rates for the finance leases ranged from 6.50% to 7.95% per annum as at 31 December 2014 and 31 December 2015; and 6.50% to 6.90% per annum as at 30 April 2016. The lease periods are within five years and the finance leases are repayable in fixed monthly installments with principal plus interest. No arrangement has been entered into for contingent rental payments.

The Directors confirm that our Group had no material defaults in repayment of bank borrowings and had not breached any finance covenants during the Track Record Period.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 30 April 2016, being the latest practicable date for determining our indebtedness, our Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, material covenants, finance leases or hire purchases commitments, guarantees or other material contingent liabilities.

CONTINGENT LIABILITIES

At the end of each of the Track Record Period, our Group did not have any significant contingent liabilities.

CAPITAL EXPENDITURE

Capital expenditures during the Track Record Period

Our Group's capital expenditures principally consisted of additions to property, plant and equipment. The following table sets forth details of our capital expenditures during the Track Record Period:

	Year ended 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Leasehold improvement	45	624
Equipment	6,515	5,925
Furniture and fixtures	21	204
Motor vehicles	356	76
	6,937	6,829

During the Track Record Period, our Group incurred capital expenditures of approximately HK$6.9 million and HK$6.8 million for the two years ended 31 December 2015, respectively. Additions to equipment, which are used in our system integration as well as maintenance projects, accounted for most of our capital expenditures for both 2014 and 2015.

Planned capital expenditures

For the two years ending 31 December 2016 and 2017, we estimate that the capital expenditures will amount to approximately HK$3.7 million and HK$27.4 million, respectively, which are primary used for the setting up of new service points in cities outside of Seoul, acquiring an office building in Seoul and the additions of new equipment to support our business. Our Group's projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Business Objectives and Future Plans" in this document for further information.

TRANSACTIONS WITH RELATED PARTIES

With respect to the related party transactions set out in note 28 to our Accountants' Report in Appendix I to this document, our Directors confirm that these transactions were conducted on normal commercial terms and/or that such terms were no less favourable to our Group than terms available to independent third parties and were fair and reasonable and in the interest of our Shareholders as a whole.

For a discussion of related party transactions, see "I. Notes to the Financial Information — Note 28 — Related Party Transactions" included in the Accountants' Report in Appendix I to this document.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market rates and prices, such as interest rates, credit, foreign exchange and liquidity.

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our Group's exposure to interest rate risk relates primarily to its interest-bearing bank borrowings. Our Group's policy is to minimise interest rate risk exposure. To achieve this, our Group regularly assesses and monitors its needs for cash with reference to its business plans and day-to-day operations to control the level of bank borrowings. Our Group currently does not have any interest rate hedging policy.

Sensitivity analysis

In respect of interest rate risk, the following table illustrates the sensitivity of our Group's profit for the two years ended 31 December 2015, and retained profits at those dates due to a possible change in interest rates on its floating rate bank deposits and bank borrowings with all other variables held constant at each reporting date:

	As at 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Increase/decrease in basis points		
+0.5%	(252)	(208)
-0.5%	252	208

Credit risk

Credit risk refers to the risk that the counterparty would fail to discharge its obligation under the terms of a contract, which resulted in a loss to our Group.

Cash and cash equivalents and deposits with banks are normally placed at financial institutions that have sound credit rating and our Group considers the credit risk to be insignificant.

In respect of trade receivables, management has a credit policy in place for approving the credit limits and the exposures to credit risk are monitored such that any outstanding debtors are reviewed and followed up on an ongoing basis. Credit evaluations are performed on customers requiring a credit over a certain amount including assessing the customer's creditworthiness and financial standing. The credit policy has been followed by our Group during the Track Record Period and is considered to have been effective in limiting our Group's exposure to credit risk to a desirable level.

Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Our Group's exposures to currency risk mainly arise from the currency difference between our revenue receipts (which are denominated in KRW) and some of our payments for purchases (which are denominated in USD). In our system integration business, we need to purchase components from overseas suppliers from time to time and settle the purchases in USD. During the Track Record Period, our purchases which were settled in USD amounted to USD6.0 million and USD7.0 million, accounting for approximately 16.7% and 14.5% of our total purchases respectively.

In preparing the costing of our system integration project in which procurement of components in USD is required, we would add on a margin of 7% to the relevant cost items of the project as a cushion to safeguard against any unfavourable foreign exchange movement in KRW against USD between the costing date and the relevant settlement date. In view of the relatively limited size of each individual USD denominated purchase transaction, we do not find it, on a cost and benefit analysis, justifiable to enter into foreign exchange hedging transaction for each of such purchases, and as a result, we decided the timing of purchasing USD to settle such purchases at our discretion.

Foreign currency denominated financial assets and liabilities, translated into HK$ at the closing rates, are as follows:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Cash and cash equivalents	1,412	3,823
Trade payables	(2,904)	(2,116)
Dividend payable	(14,075)	(5,325)
Bank borrowings	(10,909)	(11,887)
Gross exposure from recognised financial assets and liabilities	(26,476)	(15,505)

Except for the dividend payable, all the above foreign currency denominated financial assets and liabilities are of a trade nature, primarily arising out of our USD denominated purchase transactions. As our principal subsidiary in Korea declared its dividends in USD, we incurred foreign currency

denominated liabilities as a result. Any gains or losses arising out of translating the above foreign currency denominated financial assets and liabilities into our functional currency at each year end date are charged to our profit and loss as foreign exchange gain or loss. During the Track Record Period, our foreign exchange losses amounted to HK$471,000 and HK$402,000 respectively.

For the purpose of [REDACTED], we translated our audited financial statements denominated in our functional currency into HKD and present them in this document. Any gains or losses arising out of such translation are presented as exchange differences arising on translation of foreign operations in our combined statements of comprehensive income.

Our Directors believe that we will have sufficient foreign exchange, primarily from the conversion of KRW generated from our operations, to meet our foreign exchange liabilities as they become due.

Sensitivity analysis

The following table illustrates the sensitivity of our Group's profit for the year and equity in regard to a 5% depreciation in our Group entities' functional currencies against other foreign currencies. The 5% is the rate used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates.

The sensitivity analysis of our Group's exposure to foreign currency risk at the end of the reporting period has been determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the year.

	As at 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Changes in exchange rate:		
KRW depreciates by 5% against US$	(1,033)	(605)
KRW appreciates by 5% against US$	1,033	605

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nevertheless, the analysis above is considered to be representative of our Group's exposure to foreign currency risk.

Liquidity risk

Liquidity risk relates to the risk that our Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Our Group is mainly exposed to liquidity risk in respect of settlement of accrued expenses, other payables and bank borrowings, and also in respect of its cash flow management. Our Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The liquidity policies have been followed by our Group during the Track Record Period and are considered by our Directors to have been effective in managing liquidity risks.

For details of our Group's remaining contractual maturities of our financial liabilities as at 31 December 2014 and 2015, please refer to note 32 of the Accountants' Report in Appendix I of this document.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there were no circumstances which, had our Group been required to comply with Rules 17.15 to 17.21 of the GEM Listing Rules, would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

[REDACTED] EXPENSES

Based on the [REDACTED] of HK$[REDACTED] per [REDACTED], the estimated total [REDACTED] expenses are approximately HK$[REDACTED] million, of which approximately: (i) HK$[REDACTED] million is directly attributable to the issue of [REDACTED] in the [REDACTED] and will be accounted for as a deduction from equity upon [REDACTED]; and (ii) HK$[REDACTED] million is chargeable as operating expenses to our profit and loss accounts for the year ended 31 December 2015 and the year ending 31 December 2016. Out of this amount, approximately HK$[REDACTED] million had been charged to our profit and loss account for the year ended 31 December 2015. The remaining amount of approximately HK$[REDACTED] million is expected to be charged to our profit and loss account for the year ending 31 December 2016. The actual amounts to be recognised to the profit and loss of our Group or to be capitalised are subject to adjustments based on audit and changes in variables and assumptions. **Prospective investors should note that our financial results for the year ending 31 December 2016 will be adversely affected by the non-recurring [REDACTED] expenses described above, and may not be comparable to the financial performance of our Group in the past.**

DIVIDENDS AND DIVIDEND POLICY

Our Group declared a dividend of US$2 million (equivalent to approximately HK$15.3 million) out of its distributable profits in the year ended 31 December 2014, of which US$0.2 million (equivalent to approximately HK$1.6 million) and US$1.1 million (equivalent to approximately HK$8.4 million) were paid during the year ended 31 December 2014 and 31 December 2015, respectively. The balance of US$0.7 million (equivalent to HK$5.3 million) was paid out on 16 March 2016.

The declaration, payment and the amount of dividends is dependent on the results of operations, cash flows, financial condition, future prospects and other factors that our Directors may consider relevant. Subject to these factors, our Board intends to recommend at the relevant shareholders' meetings an annual dividend of no less than 25% of our net profit available for distribution to the Shareholders in the foreseeable future. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. There can be no

assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

Under the Commercial Code of Korea, a Korean stock corporation such as our wholly-owned subsidiary Global Telecom can declare and pay dividend on the condition that (i) it has set aside a legal reserve with an amount equal to at least 10% of the cash portion of the annual dividends; or (ii) it has accumulated a legal reserve of not less than 50% of its share capital. For further details of the relevant regulation, please refer to the paragraph headed "Regulations on Dividend Distribution" under the section headed "Regulatory Overview" in this document. As at 31 December 2015, Global Telecom has accumulated legal reserves amounted to approximately HK$1.5 million, representing approximately 41.5% of its share capital. It should be noted that the declaration of any dividends by Global Telecom is subject to the abovementioned condition, i.e. Global Telecom will have to set aside a legal reserve with an amount equal to at least 10% of the cash portion of the annual dividends.

DISTRIBUTABLE RESERVES

Our Company was incorporated on Cayman Islands and is an investment holding company. There were no reserves available for distribution to the Shareholders as of the Latest Practicable Date.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please see the section headed "Unaudited pro forma financial information" in Appendix II to this document for details.

OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, we did not have any material off-balance sheet arrangements or contingencies except as disclosed under the sub-sections headed "Contractual and Capital Commitments" and "Indebtedness" in this section.

PROPERTY INTERESTS

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 8.01 to 8.36 of the GEM Listing Rules. As at the Latest Practicable Date, our property interests do not form part of our property activities and no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that save as disclosed in the paragraph headed "[REDACTED] Expenses" in this section, up to the date of this document, there had been no material adverse change in our financial or trading position since 31 December 2015, being the date to which the latest audited financial statements of our Group were made up.

UNDERWRITING

[REDACTED]

[REDACTED]

UNDERWRITING ARRANGEMENTS AND EXPENSES

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

[REDACTED]

Independence of the Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 6A.07 of the GEM Listing Rules.

Sole Sponsor's interests in our Company

The Sponsor will be appointed as the compliance adviser of our Company with effect from the [REDACTED] until dispatch of the audited consolidated financial results for the second full financial year after the [REDACTED].

Save for the abovementioned, its interests and obligations under the [REDACTED] and the sponsor's fee payable to the Sole Sponsor in respect of the [REDACTED], the Sole Sponsor is not interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report, prepared for the sole purpose of inclusion in this document, received from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong.

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29 June 2016

The Board of Directors
Future Data Group Limited

[REDACTED]

Dear Sirs,

We set out below our report on the financial information regarding Future Data Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") which comprises the combined statements of financial position of the Group as at 31 December 2014 and 2015 and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 December 2014 and 2015 (the "Track Record Period") and a summary of significant accounting policies and other explanatory notes (the "Financial Information"), for inclusion in the document of the Company dated 29 June 2016 (the "Document") in connection with the initial [REDACTED] (the "[REDACTED]") of the shares of the Company on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in the Cayman Islands on 4 January 2016 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands. Pursuant to a group reorganisation as set out in the section headed "History, Reorganisation and Corporate Structure" in the Document (the "Reorganisation"), the Company has since 20 June 2016 become the holding company of the subsidiaries now comprising the Group.

At the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of these companies are private companies with limited liability (or if incorporated outside Hong Kong have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out as follows:

Name of subsidiary	Place and date of incorporation	Place of operations	Particulars of issued and paid up capital	Effective interest held by the Company		Principal activities
				Directly	*Indirectly*	
SuperChips Limited. . .	British Virgin Islands ("BVI")/ 14 January 2016	BVI	US$1	100%	—	Investment holding
Global Telecom Company Limited ("Global Telecom") .	Republic of Korea ("Korea")/ 21 March 1997	Korea	100,000 shares of South Korean Won ("KRW") 5,000 each	—	100%	Provision of system integration and maintenance service
Future Data Limited ("Future Data") . . .	Hong Kong/ 14 October 2015	Hong Kong	HK$10,001	—	100%	Cost centre of [REDACTED] expenses

The Company and all of the above subsidiaries have adopted 31 December as their financial year end date.

No audited financial statements have been prepared for the Company and SuperChips Limited since their respective dates of incorporation as there are no statutory audit requirements under relevant rules and regulations in its respective jurisdiction of incorporation and they have not been involved in any business transaction other than the Reorganisation.

The statutory financial statements of Global Telecom for the Track Record Period were audited by Ernst and Young Han Young, a firm of certified public accountants registered in Korea. The statutory financial statements of Global Telecom for the Track Record Period are prepared in accordance with Korean International Financial Reporting Standards issued by the Korean Institute of Certified Public Accountants.

No statutory audited financial statements have been prepared for Future Data since its date of incorporation as it is not yet due as at the date of this report. Future Data has not been involved in any business transaction other than the recording of [REDACTED] expenses incurred during the Track Record Period.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Track Record Period (the "Underlying Financial Statements") in accordance with the basis as set out in note 2 and in accordance with the accounting policies set out in note 3 below which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements with no adjustments made thereon.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation and presentation of the Financial Information that gives a true and fair view in accordance with the basis of presentation set out in note 2 and the accounting policies set out in note 3 below and the applicable disclosure requirements of the Rules Governing the [REDACTED] of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"), and the contents of this Document in which this report is included. The directors of the Company are also responsible for such internal control as they determine is necessary to enable the preparation of the Financial Information that is free from material misstatements, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an independent opinion, on the Financial Information and to report our opinion to you.

For the purpose of this report, we have carried out audit procedures in respect of the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Financial Information of the Group and carried out appropriate procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, the Financial Information, for the purpose of this report, prepared on the basis as set out in note 2 and in accordance with the accounting policies set out in note 3, gives a true and fair view of the financial position of the Group as at 31 December 2014 and 2015 and of the financial performance and cash flows of the Group for the Track Record Period.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		For the year ended 31 December	
		2014	2015
	Notes	*HK$'000*	*HK$'000*
Revenue	5	441,805	515,704
Cost of sales		(379,735)	(442,632)
Gross profit		62,070	73,072
Other income	6	1,163	1,930
Selling and administrative expenses		(50,090)	(63,334)
Finance costs	7	(269)	(193)
Profit before income tax	8	12,874	11,475
Income tax expense	10	(2,099)	(3,344)
Profit for the year		10,775	8,131
Other comprehensive income for the year			
Item that will not be reclassified subsequently to profit or loss:			
Recognition of actuarial losses on defined benefit obligations		(1,626)	(1,350)
Items that will be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale financial assets		44	—
Realised fair value gain on disposal of available-for-sale financial assets recycled to the income statement		—	(44)
Exchange differences arising on translation of foreign operations		(2,618)	(5,078)
Total other comprehensive income		(4,200)	(6,472)
Total comprehensive income for the year		6,575	1,659
Earnings per share — Basic and Diluted (HK$)	12	0.036	0.027

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 December	
		2014	2015
	Notes	*HK$'000*	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	10,273	12,612
Available-for-sale financial assets	15	6,009	5,914
Deposits		442	4,423
Deferred tax assets	16	1,944	3,054
		18,668	26,003
Current assets			
Inventories	17	12,940	8,326
Trade and other receivables	18	110,255	97,318
Amounts due from contract customers	20	2,607	8,658
Prepayments		2,125	5,786
Available-for-sale financial assets	21	2,086	—
Fixed bank deposits		4,873	4,815
Cash and cash equivalents		29,833	71,243
		164,719	196,146
Current liabilities			
Trade and other payables	22	104,097	133,476
Amounts due to contract customers	20	1,969	2,305
Amount due to AMS	23	—	6,341
Bank borrowings	24	10,909	11,887
Current-portion of obligations under finance leases	25	212	77
Tax payable		2,224	2,576
		119,411	156,662
Net current assets		45,308	39,484
Total assets less current liabilities		63,976	65,487
Non-current liabilities			
Defined benefit obligations	26	1,174	1,102
Obligations under finance leases	25	118	32
		1,292	1,134
Net assets		62,684	64,353
EQUITY			
Share capital	27	3,674	3,684
Reserves		59,010	60,669
Total equity		62,684	64,353

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Investment revaluation reserve*	Research and development reserve*	Foreign exchange reserve*	Legal reserve*	Retained earnings*	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			Note (a)		*Note (b)*		
At 1 January 2014	3,674	—	3,674	358	—	63,668	71,374
Profit for the year	—	—	—	—	—	10,775	10,775
Net change in fair value of available-for-sale financial assets	—	44	—	—	—	—	44
Recognition of actuarial losses on defined benefit obligations	—	—	—	—	—	(1,626)	(1,626)
Interim dividend	—	—	—	—	—	(15,265)	(15,265)
Transferred from retained earnings upon declaration of interim dividend	—	—	—	—	1,530	(1,530)	—
Exchange differences arising on translation of foreign operations	—	—	—	(2,618)	—	—	(2,618)
At 31 December 2014 and 1 January 2015	3,674	44	3,674	(2,260)	1,530	56,022	62,684
Profit for the year	—	—	—	—	—	8,131	8,131
Additional issued share capital	10	—	—	—	—	—	10
Realised fair value gain on disposal of available-for-sale financial assets recycled to the income statement	—	(44)	—	—	—	—	(44)
Recognition of actuarial losses on defined benefit obligations	—	—	—	—	—	(1,350)	(1,350)
Exchange differences arising on translation of foreign operations	—	—	—	(5,078)	—	—	(5,078)
At 31 December 2015	3,684	—	3,674	(7,338)	1,530	62,803	64,353

* The total of these balances represents "Reserves" in the combined statements of financial position.

(a) Pursuant to the Special Tax Treatment Control Law in Korea, Global Telecom is allowed to appropriate retained earnings as a reserve for research and manpower development. This reserve is not available for the payment of dividends but to be used for specified purposes or reversed back to retained earnings.

(b) In accordance with the Korean Commercial Code, an amount equal to at least 10% of cash dividends is required to be appropriated as a legal reserve until the reserve equals 50% of issued capital. The legal reserve may not be utilised for cash dividend but may only be used to offset a deficit, if any, or be transferred to capital.

COMBINED STATEMENTS OF CASH FLOWS

	For the year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Cash flows from operating activities		
Profit before income tax	12,874	11,475
Adjustments for:		
Depreciation of property, plant and equipment	2,659	3,623
Exchange loss	294	369
Finance costs	269	193
Net provision for impairment of inventories	1,204	302
Interest income	(743)	(436)
Net loss/(gain) on disposal of available-for-sale financial assets	18	(116)
Net loss on disposal of property, plant and equipment	—	107
Provision for impairment of trade receivables	1,320	1,371
Operating cash flows before movements in working capital	17,895	16,888
Decrease in inventories	4,442	2,944
Decrease/(increase) in long term deposits	640	(4,176)
Increase in short term deposits	(73)	(309)
(Increase)/decrease in trade and other receivables	(7,548)	1,860
Decrease/(increase) in amounts due from contract customers	4,591	(6,494)
Increase in prepayments	(1,138)	(3,841)
Increase in trade and other payables	11,112	46,029
Increase/(decrease) in bills payable	804	(5,624)
Increase in amounts due to contract customers	2,040	498
Decrease in net defined benefit obligations	(1,366)	(1,338)
Cash generated from operations	31,399	46,437
Income taxes paid	(1,488)	(3,709)
Interest received	641	345
Net cash generated from operating activities	30,552	43,073

COMBINED STATEMENTS OF CASH FLOWS

	For the year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Cash flows from investing activities		
Purchases of property, plant and equipment	(6,825)	(6,829)
Purchases of available-for-sale financial assets	(2,539)	(1,985)
Proceeds from disposal of available-for-sale financial assets	234	3,822
Proceeds from disposal of property, plant and equipment	—	461
(Increase)/decrease in amount due from a director	(1,990)	1,853
Decrease in amount due from AMS	513	—
Net cash used in investing activities	(10,607)	(2,678)
Cash flows from financing activities		
Proceeds from bank borrowings	12,055	25,257
Repayment of bank borrowings	(11,206)	(17,829)
Interest paid	(245)	(236)
Repayment of obligations under finance leases	(350)	(205)
Dividend paid	(1,585)	(8,383)
Proceeds from new shares issued	—	10
Increase in amount due to AMS	—	6,341
Net cash (used in)/generated from financing activities	(1,331)	4,955
Net increase in cash and cash equivalents	18,614	45,350
Cash and cash equivalents at beginning of year	11,814	29,833
Effect of exchange rate changes on cash and cash equivalents	(595)	(3,940)
Cash and cash equivalents at end of year	29,833	71,243
Analysis of balances of cash and cash equivalents		
Cash and bank balances	29,833	71,243

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 January 2016 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The principal activity of the Company is investment holding. The Company and the companies now comprising the Group are principally engaged in the provision of (i) integrated systems with network connectivity, cloud computing and security elements and (ii) maintenance service (collectively referred to as the "[REDACTED] Business). Prior to the Reorganisation as set out below, the [REDACTED] Business was conducted solely by Global Telecom.

2. BASIS OF PRESENTATION

Prior to the Reorganisation, Global Telecom was wholly-owned by a corporate shareholder, Asia Media Systems Pte. Ltd. ("AMS"). The controlling shareholders of AMS (collectively referred to as the "Controlling AMS Shareholders") have been Mr. Phung Nhuong Giang, Mr. Lee Seung Han, Mr. Suh Seung Hyun and Mr. Park Hyeoung Jin. Pursuant to the Reorganisation to prepare for the [REDACTED] as more fully explained in the paragraph headed "Reorganisation" under the section headed "History, Reorganisation and Corporate Structure" in the Document, the Company has since 20 June 2016 become the holding company of its subsidiaries now comprising the Group.

Immediately prior to the completion of the Reorganisation, the [REDACTED] Business has been conducted through Global Telecom. Pursuant to the Reorganisation, Global Telecom is transferred to and held by the Company indirectly through SuperChips Limited. Upon completion of the Reorganisation, the Company is wholly-owned by LiquidTech Limited which is wholly-owned by AMS. The Company has not been involved in any business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the [REDACTED] Business with no change in management of such business. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the Financial Information has been prepared as if the Company had always been the holding company of the companies comprising the Group throughout the Track Record Period using the principles of merger accounting as set out in note 3.2 below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") issued by the HKICPA and the disclosure requirements of the GEM Listing Rules.

The Financial Information has been prepared under the historical cost convention except for available-for-sale financial assets which are stated at fair value as disclosed in the summary of significant accounting policies in note 3.7.

The functional currency of Global Telecom is KRW, while the Underlying Financial Statements are presented in Hong Kong dollars ("HK$"). As the Company's shares will be listed on the GEM of the Stock Exchange, the directors consider that it will be more appropriate to adopt HK$ as the Group's presentation currency.

It should be noted that accounting estimates and assumptions are used in the preparation of the Financial Information. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in note 4.

The HKICPA has issued certain number of new and revised HKFRS which were relevant to the Group and became effective during the Track Record Period. In preparing the Financial Information, the Group has adopted all these new and revised HKFRS consistently throughout the Track Record Period.

At the date of this report, the HKICPA has issued certain new or amended HKFRS, that are potentially relevant to the Group, but are not yet effective and have not been adopted early by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for annual periods beginning on or after 1 January 2019

Annual Improvements 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear.

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to encourage entities to use judgment in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 27 — Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of assets and financial liabilities.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-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 each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

KFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

HKFRS 16 — Leases

HKFRS 16 supersedes HKAS 17 Leases, HK(IFRIC) — Int 4 Determining whether an Arrangement contains a Lease, HK(SIC) — Int 15 Operating Lease-Incentives and HK(SIC) — Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

HKFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead all leases are treated in a similar way to finance leases in accordance with HKAS 17. Under HKFRS 16, leases are recorded on the statement of financial position by recognising a liability for the present value of its obligation to make future lease payments with an asset (comprised of the amount of the lease liability plus certain other amounts) either being disclosed separately in the statement of financial position (within right-of-use assets) or together with property, plant and equipment. The most significant effect of the new requirements will be an increase in recognised lease assets and financial liabilities.

There are some exemptions. HKFRS 16 contains options which do not require a lessee to recognise assets and liabilities for (a) short term leases (i.e. leases of 12 months or less, including the effect of any extension options) and (b) leases of low-value assets (for example, a lease of a personal computer).

HKFRS 16 clarifies that a lessee separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRS but are not yet in a position to state whether they could have material financial impact on the Group's financial statements.

3.2 Merger accounting

The Reorganisation involved only inserting new holding companies on top of Global Telecom and has not resulted in any change of economic substance with continuous common control by the Controlling AMS Shareholders and AMS. Accordingly, the Financial Information has been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the Track Record Period.

The combined statements of comprehensive income include the results of each of the combining entities from the earliest date presented or since the dates of incorporation of the combining entities, where this is a shorter period, regardless of the date of the common control combination.

All inter-company transactions and balances have been eliminated on combination.

The comparative amounts in the Financial Information are presented as if the entities had been combined at the end of the previous reporting period unless the combining entities were incorporated at a later date.

3.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost over their estimated useful lives of 5 years on a straight-line basis.

The assets' depreciation method and estimated useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

3.5 Impairment of non-financial assets

Property, plant and equipment are tested for impairment whenever there are indications that the carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

3.7 Financial instruments

Financial assets

The Group's financial assets mainly comprise available-for-sale financial assets including investment in insurance policies; and loans and receivables including trade receivables, retention money receivable, bills receivable and loans to director and cash at banks and in hand.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets (including investment in insurance policies and unlisted investment funds) are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments (including unlisted investment securities) that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses.

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events.

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of the debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss on loans and receivables decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in the carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss for the period in which the reversal occurs.

Financial liabilities

The Group's financial liabilities include accrued expenses and other payables, bank borrowings, amount due to AMS and obligations under finance leases, which are financial liabilities at amortised cost.

Financial liabilities are initially measured at fair value net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method. The related expense is recognised in profit or loss.

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 through the expected life of the financial liability, or where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

3.8 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

3.9 Revenue recognition

Revenue which is measured net of value-added tax is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably as follows:

(i) Revenue from contracts for system integration is recognised based on the percentage of completion method in accordance with the accounting policy in note 3.10.

(ii) Revenue from maintenance service is recognised using straight-line method over the terms of maintenance contracts.

(iii) Interest income is recognised as it accrues and is calculated by using the effective interest method.

3.10 Contracts for system integration

Revenue comprises the agreed contract amount. Contract costs incurred comprise cost of hardware and software sourced from outside vendors, engineer cost and other costs of personnel directly engaged in the contracts and where applicable subcontracting cost and attributable overheads.

Revenue from fixed price contracts is recognised based on the percentage of completion of the contracts provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred up to the reporting date as compared to the total costs to be incurred under the contracts except where this would not be representative of the stage of completion. Where the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of the contract costs incurred that are likely to be recoverable.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as amounts due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as amounts due to contract customers.

3.11 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

3.12 Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at

the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On combination, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve.

3.13 Employee benefits

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly within twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

National Pension Scheme

The employees of Global Telecom are required to participate in a National Pension Scheme which is a defined contribution plan operated by the National Pension Service. The contributions are charged to profit or loss as they become payable in accordance with the rules of the National Pension Scheme.

Defined benefit plan

In addition to the contributions under the National Pension Scheme, Global Telecom operates a defined benefit plan covering its employees in Korea. The cost of providing benefits is determined using the projected unit credit method. Remeasurements of the net defined benefit liability, which include actuarial gains and losses and the return on plan assets (excluding interest) are recognised immediately in other comprehensive income. The net interest expense on the net defined benefit liability is determined by applying the discount rate used to measure the defined benefit obligations at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and service cost are recognised in profit or loss.

The amounts recognised in the combined statements of financial position represent the present value of the defined benefit obligations as reduced by the fair value of plan assets.

3.14 Research and development costs

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

3.15 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and bank deposits with an original maturity of three months or less.

3.16 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.17 Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.18 Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.19 Related parties

(a) A person or a close member of that person's family is related to the Group if that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimation of useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Recognition of deferred tax assets

Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

Estimated allowance for inventories

The management of the Group reviews an ageing analysis at the end of each reporting period and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-down of inventories in the period in which such estimate has been changed. Management reassesses the estimate at each reporting date.

Estimated impairment loss of trade and other receivables

The policy for the impairment of receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on the management's judgment. When there is objective evidence of impairment loss of trade and other receivables, the Group takes into consideration the estimation of future cash flows of respective trade and other receivables. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. Management reassesses the estimate at each reporting date.

Fair value measurement

A number of financial instruments included in the Financial Information require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy")

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

For more detailed information in relation to the fair value measurement of the items above, please refer to notes 15 (b) and 21.

Defined benefit plan

The costs of the defined benefit plan and the present value of the defined benefit obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increase, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Contracts for system integration

Revenue from contracts for system integration is recognised under the percentage of completion method which requires estimation made by management. The Group's management estimates the contract costs, outcome and expected cost to complete the contacts based on the budgets prepared for the contracts. Because of the nature of the activities, management reviews and revises the estimates of both contract outcome and expected costs to complete in the budget prepared for each contract as the contract progresses. Any revisions to estimates of contract outcome and expected costs to completion would affect contract revenue recognition. Should expected costs to complete exceed contract revenue, a provision for contract loss would be recognised.

5. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company (the "Executive Directors") are the Group's chief operating decision-markers. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purposes of allocating resources and assessing performance.

The Executive Directors review the performance of the Group mainly from the service perspective. The Group is organised into two segments engaged in:

(i) System integration

(ii) Maintenance service

The Executive Directors assess the performance of the operating segments based on a measure of gross profit of each segment, which is consistent with that of the financial information. The revenue reported to the Executive Directors is measured in a manner consistent with that in the combined statements of comprehensive income.

The segment results for the Track Record Period are as follows:

	For the year ended 31 December 2014		
	System integration	**Maintenance service**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Total segment revenue	395,361	46,444	441,805
Gross profit/segment results	47,096	14,974	62,070
Other income			1,163
Selling and administrative expenses			(50,090)
Finance costs			(269)
Profit before income tax			12,874
Income tax expense			(2,099)
Profit for the year			10,775

	For the year ended 31 December 2015		
	System integration	Maintenance service	Total
	HK$'000	*HK$'000*	*HK$'000*
Total segment revenue	439,732	75,972	515,704
Gross profit/segment results	46,908	26,164	73,072
Other income			1,930
Selling and administrative expenses			(63,334)
Finance costs			(193)
Profit before income tax			11,475
Income tax expense			(3,344)
Profit for the year			8,131

During the Track Record Period, there is no single customer who contributed to 10% or more of the Group's revenue.

During the Track Record Period, all the Group's revenue is derived from Korea based on the location of the headquarters of the Group's customers.

6. OTHER INCOME

	For the year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Interest income	743	436
Claims awarded by court	—	960
Gain on disposal of available-for-sale financial assets, net	—	116
Miscellaneous gains	420	418
Total	1,163	1,930

7. FINANCE COSTS

	For the year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Interests on borrowings	241	179
Interest element of finance lease payments	28	14
Total	269	193

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	For the year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Carrying amount of inventories sold	281,122	375,754
Net provision for impairment of inventories	1,204	302
Costs of inventories recognised as expenses	282,326	376,056
Employee costs (note 9)	48,349	61,449
Subcontracting costs	78,960	38,095
[REDACTED] expenses	—	6,529
Provision for impairment of trade receivables	1,320	1,371
Depreciation of property, plant and equipment	2,659	3,623
Auditors' remuneration	263	492
Research and development costs (note (a))	2,433	2,394
Net loss/(gain) on disposal of available-for-sale financial assets	18	(116)
Loss on disposal of property, plant and equipment	—	107
Minimum lease payments in respect of rented premises	1,341	1,609

(a) Research and development costs included employee costs of approximately HK$2,352,000 and HK$2,394,000 for 2014 and 2015 respectively as disclosed above.

9. EMPLOYEE COSTS

	For the year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Employee costs (including directors) comprise:		
Salaries	38,108	49,657
Contributions to National Pension Scheme	1,233	1,600
Defined benefit costs (note 26)	2,926	2,985
Other benefits	6,082	7,207
Total	48,349	61,449

10. INCOME TAX EXPENSE

The amount of taxation in the combined statements of comprehensive income represents:

	For the year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Current tax		
Tax for the year	2,436	4,475
Under-provision in respect of prior year	—	161
Deferred tax		
Current year	(337)	(1,292)
Total	2,099	3,344

Global Telecom is subject to Korean Corporate Income Tax which comprised national and local taxes (collectively "Korean Corporate Income Tax"). Korean Corporate Income Tax is charged at the progressive rate from 11% to 24.2% on the estimated assessable profit of Global Telecom derived worldwide during the Track Record Period. The Korean Corporate Income Tax rates applicable to Global Telecom during the Track Record Period are as follows:

11% on assessable profit up to the first KRW200 million (equivalent to approximately HK$1.5 million and HK$1.3 million for the years ended 31 December 2014 and 2015 respectively);

22% on assessable profit in excess of KRW200 million (equivalent to approximately HK$1.5 million and HK$1.3 million for the years ended 31 December 2014 and 2015 respectively) and up to KRW20 billion (equivalent to approximately HK$147.4 million and HK$131.9 million for the years ended 31 December 2014 and 2015 respectively);

24.2% on assessable profit in excess of KRW20 billion (equivalent to approximately HK$147.4 million and HK$131.9 million for the years ended 31 December 2014 and 2015 respectively).

No Hong Kong Profits Tax has been provided as Future Data did not have assessable profits which are subject to tax during the Track Record Period.

The income tax expense for the year can be reconciled to the profit before income tax expense in the combined statements of comprehensive income as follows:

	For the year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Profit before income tax	12,874	11,475
Tax thereon at domestic rates applicable to profit or loss in the jurisdictions concerned	2,670	2,734
Tax effect of expenses not deductible for tax purposes	519	2,241
Tax credit	(638)	(1,195)
Others	(452)	(436)
Income tax expense for the year	2,099	3,344

11. DIVIDENDS

	For the year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Dividends	15,265	—

Interim dividend denominated in United States dollars ("US$") of US$2,000,000 (equivalent to HK$15,265,000) out of the distributable profits of Global Telecom for the year ended 31 December 2014 was declared on 27 March 2014. Dividends of US$200,000 (equivalent to HK$1,585,000) and approximately US$1,111,000 (equivalent to HK$8,383,000) were paid during the years ended 31 December 2014 and 2015 respectively and the balance of approximately US$689,000 (equivalent to HK$5,325,000) was fully paid out in March 2016.

The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

12. BASIC AND DILUTED EARNINGS PER SHARE

The calculations of earnings per share for the Track Record Period are based on the profit for the years ended 31 December 2014 and 2015 of HK$10,775,000 and HK$8,131,000 respectively, and on the basis of 300,000,000 shares of the Company in issue, being the number of shares in issue immediately after the completion of the [REDACTED] of [REDACTED] shares of the Company as referred to in note 35 as if these shares had been issued throughout the Track Record Period.

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the Track Record Period.

13. REMUNERATION OF DIRECTORS AND EMOLUMENTS OF EMPLOYEES

Directors' remuneration

Directors' emoluments are as follows:

Year ended 31 December 2014

	Fees	Basic salaries, allowances and other benefits in kind	Contribution to pension schemes	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Phung Nhuong Giang	—	—	—	—
Mr. Suh Seung Hyun	—	983	70	1,053
Mr. Lee Seung Han	—	1,017	70	1,087
Mr. Ryoo Seong Ryul	—	—	—	—
Mr. Park Hyeoung Jin	—	937	70	1,007
Total	—	2,937	210	3,147

Year ended 31 December 2015

	Fees	Basic salaries, allowances and other benefits in kind	Contribution to pension schemes	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:				
Mr. Phung Nhuong Giang	—	—	—	—
Mr. Suh Seung Hyun	—	921	67	988
Mr. Lee Seung Han	—	854	67	921
Mr. Ryoo Seong Ryul	—	—	—	—
Mr. Park Hyeoung Jin	—	909	66	975
Total	—	2,684	200	2,884

(a) During the Track Record Period, remuneration of Mr. Suh Seung Hyun, Mr. Lee Seung Han and Mr. Park Hyeoung Jin were paid by Global Telecom for their directorship of Global Telecom.

(b) Mr. Ryoo Seong Ryul was one of the senior management during the Track Record Period and appointed as the executive director of the Company on 4 January 2016.

(c) Mr. Ho, Kam Shing Peter, Mr. Ngan Chi Keung and Mr. Wong Sik Kei were appointed as independent non-executive directors of the Company on 21 June 2016. During the Track Record Period, the independent non-executive directors have not yet been appointed and did not receive any remuneration.

(d) No directors waived any emoluments during the Track Record Period.

Five highest paid individuals

During the Track Record Period, the five individuals whose emoluments were the highest in the Group include 3 directors whose emoluments were reflected in the analysis presented above. The emoluments paid to the remaining 2 individuals are as follows:

	For the year ended 31 December	
	2014	2015
	HK$'000	*HK$'000*
Salaries and other emoluments	1,754	1,827
Contribution to pension schemes	117	121
	1,871	1,948

The emoluments of the above individuals with the highest emoluments are within the following bands:

	For the year ended 31 December	
	2014	2015
Nil to HK$1,000,000	2	1
HK$1,000,001 to HK$1,500,000	0	1

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors waived or agreed to waive any emoluments during the Track Record Period.

Senior management emoluments

Emoluments paid or payable to members of senior management who are not directors were within the following bands:

	For the year ended 31 December	
	2014	2015
Nil to HK$1,000,000	5	4
HK$1,000,001 to HK$1,500,000	0	1

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement	Equipment	Furniture and fixtures	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:					
At 1 January 2014	441	11,142	551	2,261	14,395
Additions	45	6,515	21	356	6,937
Exchange realignment	(16)	(581)	(18)	(84)	(699)
At 31 December 2014	470	17,076	554	2,533	20,633
Additions	624	5,925	204	76	6,829
Transferred from inventories	—	574	—	—	574
Disposal	(454)	(410)	(22)	(150)	(1,036)
Exchange realignment	(41)	(1,481)	(47)	(181)	(1,750)
At 31 December 2015	599	21,684	689	2,278	25,250
Accumulated depreciation:					
At 1 January 2014	250	6,291	430	1,076	8,047
Charge for the year	97	2,035	54	473	2,659
Exchange realignment	(11)	(269)	(16)	(50)	(346)
At 31 December 2014	336	8,057	468	1,499	10,360
Charge for the year	119	3,057	75	372	3,623
Disposal	(339)	(76)	(9)	(42)	(466)
Exchange realignment	(16)	(704)	(36)	(123)	(879)
At 31 December 2015	100	10,334	498	1,706	12,638
Carrying amount:					
At 31 December 2014	134	9,019	86	1,034	10,273
At 31 December 2015	499	11,350	191	572	12,612

As at 31 December 2014 and 2015, the net carrying amount of motor vehicles included amounts of approximately HK$769,000 and HK$269,000 in respect of assets held under finance leases respectively.

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS - NON-CURRENT

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Unlisted equity securities, at cost (note (a))	2,166	2,008
Investment in insurance policies (note (b))	3,843	3,906
Total cost	6,009	5,914

(a) The investment represents Global Telecom's equity interests in two cooperatives all of which are below 20% in Korea:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Korea Software Financial Cooperative	2,134	1,979
Korea Communications Industry Cooperative	32	29
	2,166	2,008

Korea Software Financial Cooperative ("KSFC") was established pursuant to the Software Industry Promotion Act of Korea. KSFC provides to its members, (i) loans and investments necessary to develop software, upgrade technologies and stabilise the management, (ii) guarantees for liabilities of any software business operator who intends to obtain loans from financial institutions for the purpose of developing software, upgrading technologies and stabilising his/her business management, (iii) performance guarantees necessary for business.

Korea Communications Industry Cooperative ("KCIC"), formerly known as Korea Information Communication Industry Cooperative, was established under the provisions of the Small and Medium Enterprise Cooperatives Act of Korea with aims of promoting sound development of information communication industry and welfare of its members to encourage their independent economic activities for the improvement of their economic status and the balanced development of the national economy. Small and medium enterprises engaging in manufacturing telecommunication and broadcasting apparatuses and industrial cooperatives engaging in an identical or related type of business are eligible for membership in KCIC.

Being a member of KSFC, Global Telecom is able to obtain guarantees from KSFC. As at 31 December 2014 and 2015, Mr. Suh Seung Hyun provided a personal guarantee of approximately HK$149,170,000 (equivalent to KRW20,968,500,000) and HK$138,308,000 (equivalent to KRW20,968,500,000) respectively with respect to KSFC's guarantee facilities.

As at 31 December 2014 and 2015, KSFC provided the following guarantees on behalf of Global Telecom:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Description of guarantee		
- Bidding guarantees	12,872	2,908
- Contract guarantees	84,922	86,516
- Defect guarantees	50,938	38,322
- Prepayment guarantees	48,709	53,470
- Payment guarantees	1,281	3,219
	198,722	184,435

KSFC is entitled to be indemnified by Global Telecom under the terms and conditions of the above guarantees given by KSFC. The directors consider that the probability for Global Telecom to indemnify KSFC is remote and the disclosure of contingent liabilities arising from such guarantees as of each reporting date is not required.

The directors consider the Group does not have significant influence over these two cooperatives. The investment is classified as available-for-sale financial assets and measured at cost less impairment loss as there is no quoted market price in active markets for the investment and the directors are of the opinion that its fair value cannot be measured reliably.

(b) The Group invested in two types of savings-type insurance policies as detailed below:

	Type A		Type B	
	2014	2015	2014	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Account value as at 31 December	3,062	2,915	781	991
Insurance policy type	Accident insurance plan		Life insurance plan	
Insured	Employees		Mr. Suh Seung Hyun	
Insured sum	HK$284,560 for each employee		HK$106,710	
Premium period	3 years		10 years	

During the insured periods covered by the insurance policies, Global Telecom can earn interest income which is linked to the then prevailing market saving interest rates. The directors consider that the account values of these insurance policies provided by insurance companies approximate their fair values.

Further disclosure on the fair value hierarchy and basis of fair value measurement of the investments in insurance policies are detailed in note 33.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

16. DEFERRED TAX ASSETS

Details of the deferred tax assets/(liabilities) recognised and movements during the current and prior year are as follows:

	Amortisation expenses	Accelerated tax depreciation	Provision for defined benefit obligations	Provision for impairment of trade receivables	Provision for incentive bonus	Provision for impairment of inventories	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2014	8	(448)	173	883	323	—	744	1,683
(Charged)/credited to profit or loss for the year	(63)	236	41	273	198	265	(613)	337
Charged to equity for the year	—	—	—	—	—	—	(12)	(12)
Exchange realignment	2	6	(6)	(38)	(16)	(10)	(2)	(64)
At 31 December 2014	(53)	(206)	208	1,118	505	255	117	1,944
Credited to profit or loss for the year	26	172	34	213	292	66	489	1,292
Credited to equity for the year	—	—	—	—	—	—	12	12
Exchange realignment	3	8	(14)	(89)	(68)	(21)	(13)	(194)
At 31 December 2015	(24)	(26)	228	1,242	729	300	605	3,054

17. INVENTORIES

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Hardware and software	12,940	8,326

18. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Trade debtors	111,280	100,991
Less: Provision for impairment of trade receivables	(6,125)	(6,611)
Trade receivables, net (note (a))	105,155	94,380
Retention money receivable	—	2,275
Rental deposit	2,846	—
Loan to director (note 19)	1,920	—
Short-term loans to employees (note (b))	275	633
Accrued interest	59	30
	110,255	97,318

(a) The credit term granted by the Group to its trade customers is normally 90 days. Based on the invoice dates, the ageing analysis of the Group's trade receivables net of impairment provision is as follows:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
0 - 90 days	89,885	72,119
91 - 180 days	12,184	14,532
181 - 365 days	922	6,260
1 - 2 years	162	399
Over 2 years	2,002	1,070
	105,155	94,380

The movement in the allowance for impairment of trade receivables is as follows:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Carrying amount at 1 January	5,010	6,125
Impairment losses recognised	1,320	1,371
Written off	—	(401)
Exchange realignment	(205)	(484)
Carrying amount at 31 December	6,125	6,611

The ageing analysis of trade receivables net of impairment provision that are past due but not impaired, based on due date is as follows:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	89,885	72,119
0 - 90 days	12,184	14,532
91 - 180 days	716	5,664
181 - 365 days	249	864
1 - 2 years	119	131
Over 2 years	2,002	1,070
	105,155	94,380

Trade receivables that were neither past due nor impaired related to a number of customers for whom there was no recent history of default. The management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

The directors consider that the carrying amounts of trade receivables approximate their fair values.

(b) The loans to employees of Global Telecom are fully secured by the employees' entitlement to retirement benefit, carry market interest rate at 6.90% per annum as at 31 December 2014 and 2015 (see note 19) and repayable within one year from the respective dates of drawdown of loans.

19. LOAN TO DIRECTOR

Details of loan to director of the Company are as follows:

2014	As at 1 January 2014	As at 31 December 2014	Maximum outstanding amount during the year
	HK$'000	*HK$'000*	*HK$'000*
Mr. Lee Seung Han (note (a))	—	1,920	3,370

2015	As at 1 January 2015	As at 31 December 2015	Maximum outstanding amount during the year
	HK$'000	*HK$'000*	*HK$'000*
Mr. Lee Seung Han (note (b))	1,920	—	3,028

(a) Terms of loan to director of the Company in 2014 are as follows:

Loan amount:	HK$3,369,600 (equivalent to KRW440,600,000)
Repayment term:	Repayable by 31 March 2015
Interest rate:	6.90% per annum
Security:	Secured by director's entitlement to retirement pension payment

The above loan was fully repaid in May 2015.

(b) Terms of loan to director of the Company in 2015 are as follows:

Loan amount:	HK$1,170,000 (equivalent to KRW170,000,000)
Repayment term:	Repayable by 30 June 2015
Interest rate:	6.90% per annum
Security:	Secured by director's entitlement to retirement pension payment

The above loan was fully repaid in June 2015.

(c) Under the Corporate Tax Act (the "Act") in Korea, the market interest rate can be determined by referring to the Ministry of Strategy and Finance's overdraft interest rate which is 6.90%. The directors of the Company concluded that the interest rate is an arm's length rate in accordance with the Act.

(d) There was no amount due for repayment but has not been paid and no provision has been made against the loan or interest on the loan.

(e) The loan to Mr. Lee Seung Han will not recur after [REDACTED].

20. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	As at 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Contracts in progress at the end of each reporting period:		
Contract costs incurred plus recognised profits less recognised losses	23,486	67,401
Less: Progress billings	(22,848)	(61,048)
	638	6,353
Analysed for reporting purposes as:		
Amounts due from contract customers	2,607	8,658
Amounts due to contract customers	(1,969)	(2,305)
	638	6,353

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Unlisted investment funds	2,086	—

The fair values of unlisted investment funds were determined by reference to the bank's quotes. In December 2015, the Group disposed all investment funds and received cash of HK$3,594,000 (equivalent to KRW523,614,000). All fair value gain recognised in other comprehensive income is therefore realised as gain on disposal through profit or loss.

22. TRADE AND OTHER PAYABLES

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Trade payables (note (a))	80,869	111,583
Accruals and other payables (note (b))	19,830	14,479
Advance receipts	24	3,509
Value-added tax payables	3,374	3,905
	104,097	133,476

(a) Credit periods granted by suppliers and subcontractors normally range from 30 days to 90 days. Based on the invoice dates, the ageing analysis of the trade payables is as follows:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
0 - 30 days	43,954	72,813
31 - 60 days	9,511	12,857
61 - 90 days	12,253	2,408
91 - 180 days	14,183	17,726
181 - 365 days	188	5,403
Over 1 year	780	376
	80,869	111,583

Due to short maturity period, the carrying values of the Group's trade and other payables are considered to be reasonable approximation of their fair values.

(b) As at 31 December 2014 and 2015, accruals and other payables include dividend payable to AMS of HK$14,075,000 and HK$5,325,000 which is interest free, unsecured and repayable by 31 December 2016, accrued expense of HK$958,000 and HK$3,270,000 and incentive bonus to staff of HK$2,296,000 and HK$3,311,000 respectively.

23. AMOUNT DUE TO AMS

This represented the [REDACTED] expenses paid by AMS on behalf of the Group. [REDACTED] expenses were paid by AMS instead of Global Telecom, which will not receive the [REDACTED] directly, as Global Telecom is restricted from paying such expenses unless approval is obtained from Bank of Korea which is difficult to obtain based on Korean legal advice obtained by the Group. The amount due to AMS as at 31 December 2015 represented part of the AMS Loan of US$2 million as set out in the paragraph headed "Reorganisation" under the section headed "History, Reorganisation and Corporate Structure" in this Document. The balance is unsecured, interest-free, denominated in US$ and repayable on 27 October 2016 or such date as may be agreed between AMS and Future Data. The carrying amount approximates its fair value and will be capitalised as part of the Reorganisation.

24. BANK BORROWINGS

	As at 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Unsecured:		
- Bank loans (note (a))	1,202	6,302
- Bills payable (note (b))	3,649	2,213
	4,851	8,515
Guaranteed:		
- Bills payable (note (b))	5,659	1,050
- Other borrowings (note (c))	399	2,322
	6,058	3,372
Total borrowings due for repayment within one year	10,909	11,887

(a) Bank loans are carried at amortised cost.

Details of the bank loans denominated in US$ are stated below:

	Amount	**Interest rate**	**Repayment date**
As at 31 December 2014			
Bank loan	US$153,686	3-month LIBOR plus 1.80% per annum	23 February 2015
As at 31 December 2015			
Bank loan A	US$409,547	3-month LIBOR plus 2% per annum	8 March 2016
Bank loan B	US$210,250	3-month LIBOR plus 1.31% per annum	19 February 2016
Bank loan C	US$195,404	3-month LIBOR plus 1.31% per annum	20 February 2016

(b) During the years ended 31 December 2014 and 2015, bills payable carried interest at 3-month LIBOR plus 1.20% to 1.80% and 0.80% to 2.0% per annum respectively. The carrying amount of bills payable is denominated in US$.

(c) Other borrowings represented foreign currency credit card facilities granted by bank with a credit period of 180 days and carried interest at 6-month LIBOR plus 1.52% and 1.42% per annum as at 31 December 2014 and 2015 respectively.

(d) Certain bank borrowings are guaranteed by Korea Credit Guarantee Fund ("KCGF") which is a public financial institution independent of the Group and Mr. Suh Seung Hyun as follows:-

(i) As at 31 December 2014 and 2015, KCGF provided foreign and local currency guarantees to certain banks in the amount of US$872,000 and KRW488,000,000; US$602,400 and KRW488,000,000 respectively for import financing facilities and bank loans provided to Global Telecom. In 2014, Mr. Suh Seung Hyun provided personal guarantees to KCGF in an amount equal to 100% of each of the guarantee amount of KCGF. The personal guarantees have been released in 2015.

(ii) Mr. Suh Seung Hyun provided personal guarantees for 100% to 130% of the credit limit in aggregate of HK$56,762,000 and HK$12,044,000 as at 31 December 2014 and 2015 respectively in respect of banking facilities provided to Global Telecom.

25. OBLIGATIONS UNDER FINANCE LEASES

The present value of future lease payments is analysed as:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Current liabilities	212	77
Non-current liabilities	118	32
	330	109

The analysis of the obligations under finance leases is as follows:

	Total minimum lease payments		Present value of minimum lease payments	
	2014	2015	2014	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK'000*
Amount payable:				
- Within one year	226	81	212	77
- After 1 year but within 2 years	88	33	83	32
- After 2 years but within 5 years	36	—	35	—
	350	114	330	109
Future finance charges:	(20)	(5)	—	—
Finance lease obligations:	330	109	330	109

As at 31 December 2014 and 2015, the Group entered into finance leases for certain motor vehicles. The lease periods are within five years with effective interest rates ranged from 6.50% to 7.95% per annum. All leases are repayable in fixed monthly principal instalments plus interest and no arrangements have been entered into for contingent rental payments.

26. DEFINED BENEFIT OBLIGATIONS

The Group operates a defined benefit plan ("Plan") under the Employee Retirement Benefit Security Act ("ERBSA") legislation covering the employees of Global Telecom. The Plan is administered by the independent trustee and the Plan assets are held separately from those of the Group. The Plan provides lump sum benefits when a member ceases employment with Global Telecom. The amount is based on a formula linking final average salary (averaged over three months) and years of service.

Global Telecom must carry out a funding valuation using a prescribed method each year and if the fair value of Plan assets is below 66.5% of present value of defined benefit obligations which is the standard required reserve under ERBSA as at 31 December 2014 and 2015, Global Telecom must develop a financial stabilisation plan to make up the deficiency within three years.

The Plan exposes Global Telecom to actuarial risks, such as interest rate risk and longevity risk.

As a result of the Plan characteristics, Global Telecom does not use any asset-liability matching strategies involving annuities or other techniques.

The Plan is funded entirely by contributions from the Group with reference to an independent actuary's recommendation based on annual actuarial valuation. The latest independent actuarial valuation of the Plan was at 31 December 2015 and prepared by qualified staff of Towers Watson, who is a member of Society of Actuaries and a member of Institute of Actuaries of Korea, using the projected unit credit method. The actuarial valuations as at 31 December 2014 and 31 December 2015 indicate that the Group's obligations under the Plan are 93% and 94% covered by the Plan assets held by the trustee as at the respective reporting date.

The amounts recognised in the combined statements of financial position are as follows:

	As at 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Present value of defined benefit obligations	16,576	19,029
Fair value of plan assets	(15,402)	(17,927)
	1,174	1,102

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Group expects to pay approximately HK$4,000,000 in contributions to the Plan in 2016.

The Group's contributions for the years ended 31 December 2014 and 2015 amounted to approximately HK$4,292,000 and HK$4,323,000 respectively.

The principal financial assumptions used in the actuarial valuation as at 31 December 2014 and 2015 for the purpose of the accounting disclosures were as follows:

	For the year ended 31 December	
	2014	**2015**
Discount rate	2.75%	2.50%
Rate of salary increase	5.00%	5.00%

For purpose of determining the defined benefit obligations, the following participant data has been applied as at 31 December 2014 and 2015:

	As at 31 December	
	2014	**2015**
Number of staff	106	159
Total annual plan salary	HK$34,752,000	HK48,915,000
Average annual plan salary	HK$327,000	HK$308,000
Average age (count weighted)	36.24 years	36.98 years
Average credited services (count weighted)	4.28 years	3.14 years
Expected future working lifetime	5.8 years	4.73 years

Amounts recognised in the combined statements of comprehensive income in respect of the Plan are as follows:

	For the year ended 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Current service costs	2,879	2,954
Administration costs	57	107
Interest on assets	(617)	(483)
Interest costs	607	407
Total amount recognised in profit or loss (note 9)	2,926	2,985
Actuarial losses recognised in other comprehensive income	1,626	1,350
Total defined benefit costs	4,552	4,335

The current service costs, administration costs and the net interest on net defined benefit liability are recognised in the following line items in the combined statements of comprehensive income:

	For the year ended 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Cost of sales	1,333	1,502
Selling and administrative expenses	1,593	1,483
	2,926	2,985

Movements in the present value of the defined benefit obligations are as follows:

	For the year ended 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Balance as at 1 January	13,358	16,576
Pension costs charged to profit or loss:		
- Service costs	2,879	2,954
- Net interest	607	407
Sub-total	3,486	3,361
Benefits paid	(1,137)	(1,197)
Transfer-in	—	330
Actuarial changes arising from changes in demographic assumption	(284)	(305)
Actuarial changes arising from changes in financial assumptions	1,875	257
Actuarial changes arising from experience adjustments	(144)	1,362
Exchange realignment	(578)	(1,355)
Balance as at 31 December	16,576	19,029

The weighted average duration of the defined benefit obligations is 6.19 years (2015: 5.38 years).

Changes in the fair values of the Plan assets are as follows:

	For the year ended 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Balance as at 1 January	12,381	15,402
Pension costs charged to profit or loss:		
Administrative costs	(57)	(107)
Net interest	617	483
Sub-total	560	376
Benefits paid	(1,137)	(1,197)
Transfer-in	—	330
Actuarial changes arising from changes in financial assumptions	(179)	(36)
Contributions from employer	4,292	4,323
Exchange realignment	(515)	(1,271)
Balance as at 31 December	15,402	17,927

The assets of the Plan are as follows:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Term deposit	12,848	12,350
Government bonds	2,553	2,885
Cash and cash equivalents	1	2,692
	15,402	17,927

Sensitivity analysis on actuarial assumptions used in determining defined benefit obligations for the Plan as at 31 December 2014 and 2015 are set out as follows:

		As at 31 December	
	Percentage change	2014	2015
		HK$'000	*HK$'000*
Discount rate	+1%	(992)	(1,029)
	-1%	1,019	1,054
Rate of salary increase	+1%	1,076	1,116
	-1%	(1,052)	(1,094)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

27. SHARE CAPITAL

As the Company was not incorporated prior to 31 December 2015 and the Reorganisation was not completed as at 31 December 2015, the share capital of the Group in the combined statements of financial position as at 31 December 2014 represented the issued share capital of Global Telecom while that as at 31 December 2015 represented the issued share capital of Global Telecom and Future Data.

28. RELATED PARTY TRANSACTIONS

(a) Apart from the amount due to AMS as disclosed in note 23, during the Track Record Period, the Group entered into the following transactions with related parties:

Related party identity and relationship	Type of transaction	2014	2015
		HK$'000	*HK$'000*
Mr. Lee Seung Han, Director	Interest income earned from advances made	140	62
AMS, Holding company	Interest income earned from advance made	94	31

Particulars of the Group's balance with the director as a result of the above transactions are disclosed in note 19.

Amount due from AMS has been fully repaid in November 2015.

The above related party transactions will not recur after [REDACTED].

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the Track Record Period are set out in note 13.

(c) Personal Guarantees

As at 31 December 2014 and 2015, Mr. Suh Seung Hyun provided personal guarantees in support of banking facilities as detailed in note 24 (d) and the guarantee facilities provided by KSFC as detailed in note 15 (a) in the amount of approximately HK$56,762,000 and HK$12,044,000; HK$149,170,000 and HK$138,308,000 respectively at no consideration. The relevant banks have agreed in principle that Mr. Suh Seung Hyun's personal guarantees will be released and replaced by corporate guarantees to be provided by the Company upon [REDACTED]. Mr. Suh Seung Hyun's personal guarantee to KSFC has been released and replaced by a pledge of Global Telecom's bank account with cash deposit of not less than KRW 500 million (equivalent to HK$3.3 million).

29. MAJOR NON-CASH TRANSACTIONS

Addition of motor vehicle amounting to HK$112,000 was financed by finance lease during the year ended 31 December 2014. There was no major non-cash transaction during the year ended 31 December 2015.

30. OPERATING LEASE COMMITMENTS

Future minimum lease payments under non-cancellable operating leases in respect of rented premises are payable as follows:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Within one year	506	3,376
In the second to fifth year, inclusive	—	10,379
	506	13,755

The Group leases a number of premises under operating leases. The leases run for an initial period of one to five years, with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords. The above lease commitments only include commitments for basic rental and none of the lease includes any contingent rental.

31. CAPITAL COMMITMENTS

The Group does not have significant capital commitments as at 31 December 2014 and 2015.

32. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include market risks (mainly foreign currency risk and interest rate risk), credit risk and liquidity risk. Details of these financial instruments are disclosed in the notes below. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks on timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

Price risk

The Group is exposed to price risk of investment funds which are classified in the combined statements of financial position as available-for-sale financial assets. Profit before income tax and other comprehensive income would increase/decrease as a result of gains/losses on these investments.

At as 31 December 2014, if there had been a 5% increase/decrease in the market value of these investment funds classified as available-for-sale financial assets, with all other variables held constant, the Group's total comprehensive income would have been increased/decreased by approximately HK$104,000.

Categories of financial assets and liabilities

The carrying amounts presented in the combined statements of financial position relate to the following categories of financial assets and financial liabilities:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Financial assets		
Non-current		
Available-for-sale financial assets		
- Unlisted equity securities	2,166	2,008
- Insurance policies	3,843	3,906
Current		
Loans and receivables		
- Trade and other receivables	110,255	97,318
- Fixed bank deposits	4,873	4,815
- Cash and cash equivalents	29,833	71,243
Available-for-sale financial assets		
- Unlisted investment funds	2,086	—
	153,056	179,290
Financial liabilities		
- Trade and other payables	100,699	126,062
- Amount due to AMS	—	6,341
- Bank borrowings	10,909	11,887
- Obligations under finance leases	330	109
	111,938	144,399

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

Cash and cash equivalents and deposits with banks are normally placed at financial institutions that have sound credit rating and the Group considers the credit risk to be insignificant.

Management has a credit policy in place for approving the credit limits and the exposures to credit risk are monitored such that any outstanding debtors are reviewed and followed up on an ongoing basis. Credit evaluations are performed on customers requiring a credit over a certain amount including assessing the customer's creditworthiness and financial standing. The Group reviews the recoverable amount of each individual debtor at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit policy has been followed by the Group during the Track Record Period and is considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18.

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, bank borrowings and its obligations under finance leases, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The liquidity policies have been followed by the Group during the Track Record Period and are considered by the directors to have been effective in managing liquidity risks.

The following table details the remaining contractual maturities as at 31 December 2014 and 2015 of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the respective reporting date) and the earliest date the Group can be required to pay.

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2014					
Non-derivatives:					
Trade and other payables	100,699	100,699	100,699	—	—
Bank borrowings	10,909	10,911	10,911	—	—
Obligations under finance leases	330	350	226	88	36
	111,938	111,960	111,836	88	36

	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2015					
Non-derivatives:					
Trade and other payables	126,062	126,062	126,062	—	—
Bank borrowings	11,887	11,911	11,911	—	—
Obligations under finance leases	109	114	81	33	—
	138,058	138,087	138,054	33	—

Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates principally to its bank deposits and interest-bearing bank borrowings. The Group's policy is to minimise interest rate risk exposure. To achieve this, the Group regularly assesses and monitors its needs for cash with reference to its business plans and day-to-day operations. The interest rates and terms of repayment of interest-bearing bank borrowings of the Group are disclosed in note 24. The Group currently does not have an interest rate hedging policy.

In respect of cash flow interest rate risk, the following table illustrates the sensitivity of the Group's profit for the Track Record Period and other components of equity at the dates indicated due to a possible change in interest rates on its floating rate bank deposits and bank borrowings with all other variables held constant at each reporting date:

	As at 31 December	
	2014	2015
	HK$'000	*HK$'000*
Increase/(decrease) in profit for the year and retained profits		
Increase/decrease in basis points		
+0.5%	(252)	(208)
-0.5%	252	208

The above sensitivity analysis is prepared based on the assumption that the bank deposits and bank borrowings as at reporting dates existed throughout the whole financial year.

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rates over the next twelve months.

Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to currency risk principally arise from Global Telecom's overseas purchases and its dividend payable which are denominated in US$. The functional currency of Global Telecom is KRW.

To mitigate the Group's financial loss from exposure to unfavourable foreign exchange rate movement in KRW and US$, the Group added on a margin of 7% in the costing of the relevant part of the system integration projects which required purchases of hardware and software components to be settled in US$. The 7% margin was supposed to be a cushion to safeguard against any unfavourable foreign exchange rate movement in KRW and US$ between the costing date and the relevant settlement date. In view of the limited size of each US$ denominated purchase, it is considered that it is not justifiable on a cost and benefit analysis to enter into foreign exchange hedging transactions for such purchases. The foreign exchange losses incurred by the Group during the years ended 31 December 2014 and 2015 amounted to approximately HK$471,000 and HK$402,000 respectively.

Summary of exposure

Global Telecom's financial assets and liabilities denominated in US$, translated into HK$ at the closing rates, are as follows:

	As at 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Cash and cash equivalents	1,412	3,823
Trade payables	(2,904)	(2,116)
Dividend payable	(14,075)	(5,325)
Bank borrowings	(10,909)	(11,887)
Gross exposure from recognised financial assets and liabilities	(26,476)	(15,505)

The following table illustrates the sensitivity of the Group's profit for the year and equity in response to a 5% depreciation in Global Telecom's functional currency against US$. The 5% is the rate used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates.

The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period has been determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the year.

	As at 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Changes in exchange rate:		
KRW depreciates by 5% against US$	(1,033)	(605)
KRW appreciates by 5% against US$	1,033	605

The sensitivity analysis for the year ended 31 December 2015 has been prepared on the same basis.

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency transactions. Nevertheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

33. FAIR VALUE MEASUREMENTS

Fair values of the Group's financial assets and liabilities at amortised cost are not materially different from their carrying amounts because of the immediate or short-term maturity of these financial instruments as at 31 December 2014 and 2015.

Financial instruments measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at each reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs.

  Unobservable inputs are inputs for which market data are not available;
- Level 3: Fair value measured using significant unobservable inputs (i.e. not derived from market data).

The following table presents the Group's assets that are measured at fair value:

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2014				
Available-for-sale financial assets (Non-current)				
- Insurance policies	—	3,843	—	3,843
Available-for-sale financial assets (Current)				
- Unlisted investment funds	—	2,086	—	2,086
Total	—	5,929	—	5,929

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2015				
Available-for-sale financial assets (Non-current)				
- Insurance policies	—	3,906	—	3,906

The fair values of insurance policies and unlisted investment funds are determined based on the account values provided by the insurance companies and bank quotes respectively as at each reporting date.

At 31 December 2014 and 2015, the Group's insurance policies and investment funds are grouped under Level 2 category.

There were no transfers between the three levels during the Track Record Period.

34. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities 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 Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

The capital structure of the Group consists of debts, which includes amount due to AMS, bank borrowings and obligations under finance leases disclosed in notes 23, 24 and 25 respectively and equity of the Group, comprising share capital and reserves. The Group's risk management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratios which are determined as total borrowings (i.e. amount due to AMS, bank borrowings and obligations under finance leases) to total equity of the Group as at 31 December 2014 and 2015 are as follows:

	As at 31 December	
	2014	**2015**
	HK$'000	*HK$'000*
Amount due to AMS, bank borrowings and obligations under finance leases	11,239	18,337
Total equity	62,684	64,353
Gearing ratio	18%	28%

35. SUBSEQUENT EVENTS

On 21 June 2016, written resolutions of the shareholders of the Company were passed to approve the matters set out in the paragraph headed "Written resolutions of our Shareholders dated 21 June 2016" in Appendix IV to the Document, which included the followings:

a) the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of 4,962,000,000 new shares of HK$0.01 each;

b) conditional upon the share premium account of the Company being credited as a result of the [REDACTED] of the Company's shares, the directors of the Company were authorised to capitalise the amount of approximately HK$[REDACTED] from the amount standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par [REDACTED] shares for allotment and issue to the persons whose name appeared on the register of members of the Company at the close of business on 21 June 2016, in proportion (or as nearly as possible without fractions) to their then respective shareholdings of the Company; and

c) a share option scheme was conditionally adopted on 21 June 2016 and the principal terms of the share option scheme are set out in Appendix IV to the Document.

Save as aforesaid and as disclosed in notes 11 and 28(c) in this report, no other significant events took place subsequent to 31 December 2015.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 December 2015.

Yours faithfully,

BDO Limited
Certified Public Accountants

Li Pak Ki
Practising Certificate Number: P01330
Hong Kong

The information set forth in this appendix does not form part of the Accountants' Report prepared by BDO Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this document, 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 document and the Accountants' Report set forth in Appendix I to this document.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS OF OUR GROUP

The following unaudited pro forma financial information prepared in accordance with paragraph 7.31 of the GEM Listing Rules and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants is for illustrative purpose only, and is set out herein to provide the prospective investors with further illustrative financial information about how the [REDACTED] might have affected the combined net tangible assets of the Group after the completion of the [REDACTED] as if the [REDACTED] had taken place on 31 December 2015. Because of its hypothetical nature, the unaudited pro forma financial information may not give a true picture of the financial position of our Group had the [REDACTED] been completed on 31 December 2015 or at any future dates.

The unaudited pro forma adjusted combined net tangible assets of the Group as at 31 December 2015 is based on the audited combined net tangible assets of the Group as at 31 December 2015 as shown in the Accountants' Report set out in Appendix I to this document and the adjustments described below.

	Audited combined net tangible assets of the Group as at 31 December 2015	**Estimated [REDACTED] from the [REDACTED]**	**Unaudited pro forma adjusted net tangible assets of the Group**	**Unaudited pro forma adjusted net tangible assets per Share**
	HK$'000 (Note 1)	*HK$'000 (Note 2)*	*HK$'000*	*HK$ (Note 3)*
Based on [REDACTED] of [REDACTED] per [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on [REDACTED] of [REDACTED] per [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

1. *The audited combined net tangible assets of the Group as at 31 December 2015 are based on audited combined net assets of the Group as at 31 December 2015 as shown in the Accountants' Report set out in Appendix I to this document.*

2. *The estimated [REDACTED] from the [REDACTED] are based on [REDACTED] new Shares to be issued at the minimum and maximum [REDACTED] of HK$[REDACTED] and HK$[REDACTED] per Share, respectively, after deduction of the [REDACTED] fees and related expenses payable by the Company which has not been reflected in net tangible assets of the Group as at 31 December 2015.*

3. *The unaudited pro forma adjusted net tangible assets per Share is calculated based on [REDACTED] Shares in issue immediately following the completion of the [REDACTED], but taking no account of any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or buy-back of Shares referred to in Appendix IV to this document.*

4. *No adjustment has been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2015.*

(B) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

[REDACTED]

[REDACTED]

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 4 January 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Memorandum of Association (the "Memorandum") and the Articles of Association (the "Articles") comprise its constitution.

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 21 June 2016 to take effect on the [REDACTED]. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

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.

(iii) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) *Financial assistance to purchase shares of the Company or its subsidiaries*

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company. There is no provision in the Articles that prohibits the Company from giving financial assistance for the purchase shares of its subsidiaries.

(vi) *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, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by 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. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by 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.

Subject to the Companies Law and the Articles, 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 shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates (as defined in the Articles) is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of 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.

(vii) *Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of 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 (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of 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.

(viii) *Retirement, appointment and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

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 the members may by ordinary resolution appoint another in his place at the meeting at which such Director is removed. 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:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) if he becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law; or

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with 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 shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ix) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of 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.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(x) *Proceedings of the Board*

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(xi) *Register of Directors and Officers*

The Companies Law and the Articles provide that 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.

(b) Alterations to constitutional documents

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.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as 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, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of 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 (see paragraph 2(i) below for further details).

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of 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 held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly 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 Designated Stock Exchange (as defined in the Articles), 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.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by 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 shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before 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 Designated Stock Exchange (as defined in the Articles), 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.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by 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. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including an extraordinary general meeting) must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of 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 the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95%) of the total voting rights at the meeting of all the members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of 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.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for 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 any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, 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.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled

to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) 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.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 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 Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) in this appendix.

(s) 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 shall be wound up and the assets available for distribution amongst 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* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of 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.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by 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 law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, 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 business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 8 March 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 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 will 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.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(n) Winding up

A company may be wound up compulsorily by order of the Court; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not

commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, 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 V to this document. 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 of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 January 2016. Our Company's registered office is at the office of Codan Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our Company's principal place of business in Hong Kong is at 19/F, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong and our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 1 March 2016. In connection with such registration, Mr. Phung has been appointed as the authorised representative of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the laws of the Cayman Islands and its constitution, which comprises of a Memorandum and the Articles of Association. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix III to this document.

2. Changes in authorised and issued share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK$380,000 divided into 38,000,000 shares of HK$0.01 each. The following alterations in the share capital of our Company have taken place since the date of its incorporation:

(a) on 4 January 2016, 1 nil-paid Share was allotted and issued to the initial subscriber, which was transferred to LiquidTech on the same date at nil consideration;

(b) on 20 June 2016, AMS transferred the entire issued share capital of Global Telecom to SuperChips (as the nominee of our Company) at the consideration of HK$75.6 million, which was satisfied by (i) our Company allotting and issuing 999 new Shares to LiquidTech (as the nominee of AMS) credited as fully paid; and (ii) the crediting of the 1 nil-paid Share, which was registered in the name of LiquidTech, as fully paid;

(c) pursuant to the written resolutions of our Shareholders dated 21 June 2016, our Company increased its authorised share capital from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 Shares;

(d) immediately following completion of the [REDACTED] and the [REDACTED] (not taking into account (i) any shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme; and (ii) any shares which may be allotted and issued or bought back by our Company under the Issue Mandate (as defined below) and the Buy-Back Mandate (as defined below)), the authorised share capital of our Company will be HK$50,000,000 divided into 5,000,000,000 Shares and the issued share capital will be HK$[REDACTED] divided into [REDACTED] Shares, all fully paid or credited as fully paid and [REDACTED] Shares will remain unissued; and

(e) pursuant to the Epro Exchangeable Loan Agreement dated 4 December 2015, upon the occurrence of the [REDACTED] Event, the principal amount of the Epro Exchangeable Loan of US$1.0 million will be automatically and mandatorily exchanged into [REDACTED] Shares and that AMS shall be bound to transfer or procure LiquidTech to transfer [REDACTED] Shares to Epro Capital before the [REDACTED].

(f) pursuant to the Joung Exchangeable Loan Agreement dated 16 February 2016, upon the occurrence of the [REDACTED] Event, the principal amount of the Joung Exchangeable Loan of US$359,834 (equivalent to approximately KRW400 million) will be automatically and mandatorily exchanged into [REDACTED] Shares, and that AMS shall be bound to transfer or procure LiquidTech to transfer [REDACTED] Shares to Mr. Joung before the [REDACTED].

3. Written resolutions of our Shareholders dated 21 June 2016

Pursuant to the written resolutions of our Shareholders dated 21 June 2016:

(a) our Company approved and adopted the Memorandum and, with effect from the [REDACTED], the Articles of Association;

(b) the authorised share capital of our Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 Shares to rank pari passu with the existing Shares in all respects;

(c) conditional on the same conditions as stated in the paragraph headed "Conditions of the [REDACTED]" under the section headed "Structure and Conditions of the [REDACTED]" in this document:

(i) the [REDACTED] was approved and our Directors were authorised to allot and issue the [REDACTED] subject to the terms and conditions stated in this document;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "D. Share Option Scheme" in this appendix, were approved and adopted and our Directors were authorised to implement the same, grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme including without limitation: (1) administering the Share Option Scheme; (2) modifying and/or amending the Share Option Scheme from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the Share Option Scheme relating to modifications and/or amendments and the requirements of the GEM Listing Rules; (3) granting options under the Share Option Scheme and issuing and allotting from time to time any shares pursuant to the exercise of the options that may be granted under the Share Option Scheme not exceeding 10% of the total number of issued Shares of our Company on the [REDACTED]; and (4) making application at the appropriate time or times to the Stock Exchange for the [REDACTED] of, and permission to deal in, any Shares or any part thereof that may thereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme;

(iii) conditional on the share premium account of our Company being credited as a result of the [REDACTED], an amount of HK$[REDACTED] which will then be standing to the credit of the share premium account of our Company be capitalised and applied to pay up in full at par a total of [REDACTED] Shares for allotment and issue to holders of shares whose names appear on the register of members of our Company at the close of business on 21 June 2016 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in our Company, and our Directors were authorised to give effect to the [REDACTED] and such distribution and our Shares to be allotted and issued shall, save for the entitlements to the [REDACTED], rank pari passu in all respects with all the then existing Shares;

(iv) a general unconditional mandate (the "Issue Mandate") was given to our Directors to allot, issue and deal with (otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend on Shares in accordance with the Articles of Association, or pursuant to the exercise of any options which may be granted under the Share Option Scheme or under the [REDACTED] or the [REDACTED]) unissued Shares not exceeding 20% of the number of issued Shares of our Company immediately following completion of the [REDACTED] and the [REDACTED] (excluding any issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest;

(v) a general unconditional mandate (the "Buy-Back Mandate") was given to our Directors authorising them to exercise all powers of our Company to buy back Shares not exceeding 10% of the number of issued Shares of our Company immediately following the completion of the [REDACTED] and the [REDACTED] (excluding any issue of Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest; and

(vi) conditional on the passing of the resolutions referred to in sub-paragraphs (iv) and (v) above, the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition of the number of our Shares of our Company which may be allotted, issued or dealt with by our Directors pursuant to such general mandate of a number representing the number of our Shares of our Company bought back by our Company pursuant to the mandate to buy back Shares referred to in sub-paragraph (v) above.

4. Reorganisation

The companies comprising our Group underwent the Reorganisation to rationalise our Group's structure in preparation for the [REDACTED] and our Company became the holding company of our Group. For information relating to the Reorganisation, please refer to the paragraph headed "Reorganisation" under the section headed "History, Reorganisation and Corporate Structure" in this document.

5. Changes in share capital of subsidiaries

Our Company's subsidiaries are referred to in the Accountants' Report for our Company, the text of which is set out in Appendix I to this document. Save as set out in the section headed "History, Reorganisation and Corporate Structure" in this document, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years preceding the date of this document.

6. Buy-Back by our Company of its own securities

This paragraph includes information relating to the buy-back of the shares, including information required by the Stock Exchange to be included in this document concerning such buy-back.

(a) Relevant legal and regulatory requirements

The GEM Listing Rules permit our Shareholders to grant our Directors a general mandate to buy back the Shares that are listed on the Stock Exchange.

(b) Shareholders' approval

All proposed buy-backs of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of our Shareholders, either by way of general mandate or by specific approval of a particular transaction.

The Buy-Back Mandate was granted to our Directors by our Shareholders pursuant to a written resolution dated 21 June 2016 authorising them to exercise all powers of our Company to buy back Shares not exceeding 10% of the number of issued Shares of our Company immediately following the completion of the [REDACTED] and the [REDACTED] (excluding Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest.

(c) Source of funds

Buy-backs of Shares by our Company must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands. A listed company may not buy back its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the GEM Listing Rules. Under the Cayman Islands law, any buy-backs of Shares by our Company may be made out of profits or share premium of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the buy-backs. Any premium payable on a redemption or purchase over the par value of the Shares to be bought back must be provided for out of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the provisions of the Companies Law, a buy-back may also be made out of capital.

(d) Trading restrictions

Our Company may buy back up to 10% of the number of the issued Shares of our Company immediately following the completion of the [REDACTED] and the [REDACTED] (excluding any Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of our Shares for a period of 30 days immediately following a buy-back of our Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from buying back our Shares on the Stock Exchange if the buy-back would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. In addition, our Company is prohibited from buy back our Shares on the Stock Exchange if the purchase price is 5% or more than the average closing price for the five preceding trading days on which our Shares were traded on the Stock Exchange. The broker appointed by our Company to effect a buy-back of our Shares is required to disclose to the Stock Exchange any information with respect to a share buy-back as the Stock Exchange may require.

(e) Status of bought back shares

All Shares bought back (whether on the Stock Exchange or otherwise) will be cancelled and the certificates for those Shares must be cancelled and destroyed. Under the Cayman Islands law, a company's shares bought back may be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the shares bought back accordingly although the authorised share capital of the company will not be reduced.

(f) Suspension of buy-back

Buy-backs of our Shares are prohibited at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (aa) the date of the Board meeting (as such date

is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of the results of our Company for any year, half-year or quarter-year period or any other interim period (whether or not reported under the GEM Listing Rules); and (bb) the deadline for our Company to announce its results for any year, half-year or quarter-year period under the GEM Listing Rules or any other interim period (whether or not required under the GEM Listing Rules), our Company shall not buy back its securities on GEM unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit buy-backs of shares on the Stock Exchange if our Company has breached the GEM Listing Rules.

(g) Reporting requirements

Certain information relating to buy-back of securities on GEM or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, our Company's annual report and accounts are required to disclose details regarding buy-backs of Shares made during the financial year under review, including the number of Shares bought back each month (whether on the Stock Exchange or otherwise) and the purchase price per Share or the highest and lowest prices paid for all such buy-backs, where relevant, and the aggregate prices paid. The directors' report is also required to contain reference to the buy-backs made during the year and the directors' reasons for making such buy-backs.

(h) Core connected persons

According to the GEM Listing Rules, a company is prohibited from knowingly buying back securities on the Stock Exchange from a "core connected person", that is, a Director, chief executive or Substantial Shareholder of our Company or any of its subsidiaries or any of their close associates and a core connected person shall not knowingly sell his/her/its securities to our Company, on the Stock Exchange.

(i) Reasons for buy-backs

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to buy back Shares in the market. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or earnings per share and will only be made when our Directors believe that such buy-backs will benefit our Company and our Shareholders.

(j) Funding of buy-backs

In buying back shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association, the GEM Listing Rules and the applicable laws of the Cayman Islands. On the basis of the current financial position of our Group as disclosed in this document and taking into account the current working capital position of our Group, our Directors consider that, if the Buy-Back Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position

of our Group as compared with the position disclosed in this document. Our Directors do not propose to exercise the Buy-Back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(k) General

The exercise in full of the Buy-Back Mandate, on the basis of [REDACTED] Shares in issue immediately after completion of the [REDACTED] and the [REDACTED] (not taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme; and (ii) any Shares which may be allotted and issued or bought back by our Company under the Issue Mandate and the Buy-Back Mandate), would result in up to [REDACTED] Shares being bought back by our Company during the period in which the Buy-Back Mandate remains in force.

None of our Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-Back Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands. If, as a result of a buy-back of Shares, a Shareholder 's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code.

Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not presently aware of any consequences which would arise under the Takeovers Code as a consequence of any buy-backs pursuant to the Buy-Back Mandate immediately after the [REDACTED] of the shares on the Stock Exchange.

No core connected person (as defined in the GEM Listing Rules) has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Buy-Back Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this document and are or may be material:

(a) the loan agreement dated 18 March 2016 and entered into between AMS, as lender, and Future Data (HK), as borrower, pursuant to which AMS agreed to provide a loan in the principal amount of US$2.0 million to Future Data (HK), which is interest free and not secured by any assets of our Group;

(b) the sale and purchase agreement dated 20 June 2016 and entered into between AMS, as vendor, and our Company, as purchaser, pursuant to which AMS agreed to sell and our Company agreed to purchase the entire issued share capital of Global Telecom in consideration of our Company allotting and issuing 999 Shares to AMS (or its nominee) and crediting 1 nil-paid Share registered under the name of LiquidTech as fully-paid;

(c) the sale and purchase agreement dated 20 June 2016 and entered into between AMS Shareholders, as vendor, and SuperChips, as purchaser, pursuant to which AMS Shareholders agreed to sell and SuperChips agreed to purchase the entire issued share capital of Future Data (HK), at the aggregate consideration of HK$7.00;

(d) the deed of assignment dated 20 June 2016 and entered into among AMS, as assignor, SuperChips, as assignee, and Future Data (HK), as the company, pursuant to which AMS agreed to assign to SuperChips all its rights, titles, benefits and interests in a debt in the sum of US$2.0 million indebted by Future Data (HK) to AMS, at the consideration of HK$1.00; and

(e) the loan capitalisation agreement dated 20 June 2016 and entered into between Future Data (HK) and SuperChips, pursuant to which a loan in the sum of US$2.0 million indebted by Future Data (HK) to SuperChips shall be capitalised and one new share of Future Data (HK) shall be allotted and issued to SuperChips;

(f) the Deed of Indemnity;

(g) the Deed of Non-competition; and

(h) the [REDACTED].

2. Intellectual property

As at the Latest Practicable Date, our Group had applied or registered the following intellectual property rights that are material to our businesses:

(a) ***Trademark***

As at the Latest Practicable Date, our Group had applied for the registration of the following trademark that is material to our businesses:

Trademark	Application number	Applicant	Place of application	Class	Application Date
A	303626280	our Company	Hong Kong	9, 16, 35, 38, 39 and 42	11 December 2015
B					
C					

(b) ***Servicemark***

As at the Latest Practicable Date, our Group had registered the following servicemark that is material to our businesses:

Servicemark	Registration number	Registered owner	Place of registration	Class	Registration date	Expiry date
	41-0096503	Global Telecom	Korea	42	30 January 2004	30 January 2024

(c) ***Copyright***

As at the Latest Practicable Date, our Group had registered the following copyright that is material to our businesses:

Program name	Registration number	Registered owner	Registration date	Expiry date
GT view	2002-01-15-4146	Global Telecom	08 July 2002	31 December 2053

(d) ***Domain Name***

As at the Latest Practicable Date, our Group had registered the following domain names that is material to our businesses:

Domain name	Registered owner	Registration date	Expiry date
globaltelecom.co.kr	Global Telecom	23 November 1998	15 October 2017
gtcloud.co.kr	Global Telecom	12 May 2014	12 May 2018
sznas.com	Global Telecom	15 May 2009	15 May 2017
futuredatagroup.com	our Company	15 March 2016	14 March 2019

Information contained in the above websites does not form part of this document.

Save as disclosed above, there are no other trade or service marks, registered designs, patents or other intellectual or industrial property rights which are material to the business of our Group.

3. Further information about the subsidiaries of our Company

(i) ***SuperChips***

Place of incorporation:	BVI
Date of incorporation:	14 January 2016
Registered office:	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Authorised share capital:	US$50,000 divided into 50,000 shares of US$1.00 each
Issued share capital:	US$1.00 divided into 1 share of US$1.00 each
Shareholder:	our Company (100%)
Director(s):	Mr. Lee Mr. Phung
General nature of business:	investment holding

(ii) ***Global Telecom***

Place of incorporation:	Korea
Date of incorporation:	21 March 1997
Registered office:	14th, 15th Floor, 625, Teheran-ro, Gangnam-gu, Seoul (Dukmyeong B/D, Samseong-dong)(06173)

Authorised share capital:	KRW5,000,000,000 divided into 1,000,000 shares of KRW5,000 each
Issued share capital:	KRW500,000,000 divided into 100,000 shares of KRW5,000 each
Shareholder:	SuperChips (100%)
Director(s):	Mr. Suh Mr. Lee Mr. Phung Mr. Park
General nature of business:	provision of integrated systems and maintenance service in Korea

(iii) ***Future Data (HK)***

Place of incorporation:	Hong Kong
Date of incorporation:	14 October 2015
Registered office:	19/F, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong
Issued share capital:	HK$10,001 divided into 10,001 shares
Shareholder:	SuperChips (100%)
Director(s):	Mr. Lee Mr. Phung
General nature of business:	supporting the business operation of Global Telecom

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS:

1. Directors

(a) ***Interest of Directors and the chief executive of our Company in Shares***

Immediately following completion of the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion, and without taking into account of any Shares which may be issued upon the exercise of any options granted under the Share Option Scheme, the interests or short positions of each of our Directors and the chief executive in the share capital, underlying shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have 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 required to be kept therein or which will be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to our Company and the Stock Exchange are set out as follows:

Name of Directors	Capacity/nature of interest	Number of Shares held *(Note 1)*	Approximate percentage of interest in our Company
Mr. Phung (*Notes 2, 3 and 4*)	Interest held jointly with another person / Interest in controlled corporation / Interest of spouse	[REDACTED][(L)]	[REDACTED]%
Mr. Lee (*Notes 2 and 3*)	Interest held jointly with another person / Interest in controlled corporation	[REDACTED][(L)]	[REDACTED]%
Mr. Suh (*Notes 2 and 3*)	Interest held jointly with another person / Interest in controlled corporation	[REDACTED][(L)]	[REDACTED]%
Mr. Park (*Notes 2 and 3*)	Interest held jointly with another person / Interest in controlled corporation	[REDACTED][(L)]	[REDACTED]%

Notes:

1. The letter "L" denotes to the long position in our Shares.

2. LiquidTech is wholly-owned by AMS. AMS is owned as to approximately 26.14% by Mr. Phung, 25.34% by Mr. Suh, 14.71% by Mr. Lee, 14.03% by Mr. Park, 14.03% by Mr. SG Lee, 3.40% by Mr. JE Lee and 2.35% by Ms. Marilyn Tang.

3. On 21 June 2016, four of our ultimate Controlling Shareholders, namely, Mr. Phung, Mr. Lee, Mr. Suh and Mr. Park, entered into the Acting in Concert Confirmation and Undertaking to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of our Group during the Track Record Period, details of which are set out in the paragraph "Acting in Concert Confirmation and Undertaking" under the section headed "Relationship

with Controlling Shareholders" in this document. As such, Mr. Phung, Mr. Lee, Mr. Suh and Mr. Park together control approximately [REDACTED]% interest in the share capital of our Company through AMS and LiquidTech. As a result, each of Mr. Phung, Mr. Lee, Mr. Suh and Mr. Park is deemed to be interested in approximately [REDACTED]% interest in the share capital of our Company.

4. Ms. Marilyn Tang is the owner of approximately 2.35% of the issued shares of AMS and the spouse of Mr. Phung. Mr. Phung is deemed to be interested in all the Shares in which Ms. Marilyn Tang is interested under Part XV of the SFO.

2. Interests and short positions of Substantial Shareholders in the shares, underlying shares and debentures of our Company and its associated corporations

Immediately following completion of the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion, and without taking into account of any Shares which may be issued upon the exercise of any options granted under the Share Option Scheme, so far as it is known to our Directors, the following person, not being a Director or chief executive of our Company, will have an interest or short position in our Shares and underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is interested, directly or indirectly, 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 member of our Group:

Name of Shareholders	Capacity/nature of interest	Number of Shares held *(Note 1)*	Approximate percentage of interest in our Company
LiquidTech	Beneficial owner	[REDACTED](L)	[REDACTED]%
AMS *(Note 2)*	Interest in controlled corporation	[REDACTED](L)	[REDACTED]%
Ms. Marilyn Tang *(Notes 3, 4 and 5)*	Interest held jointly with another person / Interest in controlled corporation / Interest of spouse	[REDACTED](L)	[REDACTED]%
Ms. Lee Kim Sinae *(Note 6)*	Interest of spouse	[REDACTED](L)	[REDACTED]%
Ms. Suh Kim Seong Ock *(Note 7)*	Interest of spouse	[REDACTED](L)	[REDACTED]%
Ms. Shin Hee Kum *(Note 8)*	Interest of spouse	[REDACTED](L)	[REDACTED]%
Epro Capital	Beneficial owner	[REDACTED](L)	[REDACTED]%
Epro Group *(Note 9)*	Interest in controlled corporation	[REDACTED](L)	[REDACTED]%
Merry Silver *(Note 10)*	Interest in controlled corporation	[REDACTED](L)	[REDACTED]%
Mr. Telly Wong *(Note 11)*	Interest in controlled corporation	[REDACTED](L)	[REDACTED]%
Mr. Ling *(Note 11)*	Interest in controlled corporation	[REDACTED](L)	[REDACTED]%

Notes:

1. The letter "L" denotes to the long position in our Shares.

2. LiquidTech is wholly-owned by AMS. AMS is deemed to be interested in all the Shares in which LiquidTech is interested under Part XV of the SFO.

3. AMS is owned as to approximately 26.14% by Mr. Phung, 25.34% by Mr. Suh, 14.71% by Mr. Lee, 14.03% by Mr. Park, 14.03% by Mr. SG Lee, 3.40% by Mr. JE Lee and 2.35% by Ms. Marilyn Tang.

4. On 21 June 2016, four of our ultimate Controlling Shareholders, namely, Mr. Phung, Mr. Lee, Mr. Suh and Mr. Park, entered into the Acting in Concert Confirmation and Undertaking to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of our Group during the Track Record Period, details of which are set out in the paragraph "Acting in Concert Confirmation and Undertaking" under the section headed "Relationship with the Controlling Shareholders" in this document. As such, four of our ultimate Controlling Shareholders together control approximately [REDACTED]% interest in the share capital of our Company through AMS and LiquidTech. As a result, each of Mr. Phung, Mr. Lee, Mr. Suh and Mr. Park is deemed to be interested in approximately [REDACTED]% interest in the share capital of our Company.

5. Ms. Marilyn Tang is the owner of approximately 2.35% of the issued shares of AMS and the spouse of Mr. Phung. Ms. Marilyn Tang is deemed to be interested in all the Shares in which Mr. Phung is interested under Part XV of the SFO.

6. Ms. Lee Kim Sinae is the spouse of Mr. Lee. Ms. Lee Kim Sinae is deemed to be interested in all the Shares in which Mr. Lee is interested under Part XV of the SFO.

7. Ms. Suh Kim Seong Ock is the spouse of Mr. Suh. Ms. Suh Kim Seong Ock is deemed to be interested in all the Shares in which Mr. Suh is interested under Part XV of the SFO.

8. Ms. Shin Hee Kum is the spouse of Mr. Park. Ms. Shin Hee Kum is deemed to be interested in all the Shares in which Mr. Park is interested under Part XV of the SFO.

9. Epro Capital is wholly-owned by Epro Group. Epro Group is deemed to be interested in the Shares in which Epro Capital is interested under Part XV of the SFO.

10. Epro Group is wholly-owned by Merry Silver. Merry Silver is deemed to be interested in the Shares in which Epro Group is interested under Part XV of the SFO.

11. Merry Silver is owned as to 50% by Mr. Telly Wong and 50% by Mr. Ling. Each of Mr. Telly Wong and Mr. Ling is deemed to be interested in the Shares in which Merry Silver is interested under Part XV of the SFO.

3. Particulars of service agreements

Each of Mr. Phung, Mr. Lee, Mr. Suh, Mr. Park and Mr. Ryoo, all being our executive Directors, has entered into a service agreement with our Company for an initial term of three years commencing from the [REDACTED], and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of our executive Directors is entitled to their respective basic salary set out below (subject to an annual increment, which will be made one year after the commencement date of the service agreement by the Company).

Under the service agreements, the initial annual salary payable to each of our executive Directors is as follows:

Name	*HK$*
Mr. Suh	96,000
Mr. Phung	845,000
Mr. Lee	96,000
Mr. Park	96,000
Mr. Ryoo	96,000

Each of Mr. Suh, Mr. Lee and Mr. Park, all being executive Directors, has also entered into a service contract with Global Telecom as a director. Mr. Ryoo being an executive Director, has also entered into a service contract with Global Telecom as the general manager of finance department. The terms and conditions of each of such service contracts are similar in all material aspects other than the position, responsibility and amount of salary. Each service contract is for a term of one year which may be terminated by either party by not less than thirty days' notice. Subject to the above, each service contract shall be determinable by Global Telecom within one year without the payment of compensation (other than statutory compensation). Under the service contracts, the annual salary payable to each of Mr. Suh, Mr. Lee, Mr. Park and Mr. Ryoo is as follows:

Name	*approximately HK$*
Mr. Suh	749,000
Mr. Lee	749,000
Mr. Park	749,000
Mr. Ryoo	653,000

Each of our 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. Each of our independent non-executive Directors is appointed with an initial term of three years commencing from the [REDACTED] subject to termination in certain circumstances as stipulated in the relevant letters of appointment. Under the letters of appointment, the initial annual salary payable to each of our independent non-executive Directors is HK$96,000.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

4. Directors' emoluments

(i) For the two years ended 31 December 2014 and 31 December 2015, the aggregate emoluments paid and benefits in kind granted by our Group to our Directors were approximately HK$3,902,000 and HK$3,672,000, respectively.

(ii) Under the arrangements currently in force, the aggregate emoluments payable by our Group to and benefits in kind receivable by our Directors for the year ending 31 December 2016 is expected to be approximately HK$5,200,000.

(iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the two years ended 31 December 2014 and 31 December 2015 (1) as an inducement to join or upon joining our Company or (2) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(iv) Save as disclosed in the sections headed "Directors and Senior Management" and "Financial Information" in this document, there has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the two years ended 31 December 2014 and 31 December 2015.

(v) Under the arrangements currently proposed, conditional upon the [REDACTED], the basic annual emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

Executive Directors	*approximately HK$*
Mr. Phung	845,000
Mr. Lee	845,000
Mr. Suh	845,000
Mr. Ryoo	749,000
Mr. Park	845,000

Independent non-executive Directors	*HK$*
Mr. Ngan Chi Keung	96,000
Mr. Wong Sik Kei	96,000
Mr. Ho, Kam Shing Peter	96,000

(vi) Each of our executive Directors and independent non-executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or in discharge of his duties to our Group under his service contract.

5. Agency fees or commissions received

Save as disclosed in the paragraph headed "Total commission, fee and expenses" under the section headed "Underwriting" in this document, within the two years immediately preceding the date of this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

6. Related party transactions

Save as disclosed in note 28 to the Accountants' Report set out in Appendix I to this document, during the two years immediately preceding the date of this document, our Group has not engaged in any other material related party transactions.

7. Disclaimers

Save as disclosed in this document:

(a) without taking into account of any Shares which may be taken up or acquired under the [REDACTED] or any Shares which may be allotted and issued upon the exercise of any

options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the [REDACTED], the [REDACTED], the Epro Exchange Completion and the Joung Exchange Completion will have an interest or short position in our Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either 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 the general meetings of our Company or any other members of our Group;

(b) none of our Directors of chief executive of our Company has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the GEM Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, an interest or short position in the shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules once our Shares are listed on the Stock Exchange;

(c) none of our Directors nor the experts named in the paragraph headed "E. Other Information — 7. Consents of experts" in this appendix has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this document, or which are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for [REDACTED] either in his/her own name or in the name of a nominee;

(d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole; and

(e) none of the experts named in the paragraph headed "E. Other Information — 6. Qualifications of experts" in this appendix has any shareholding in any company in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in our Group.

D. SHARE OPTION SCHEME

1. Summary of the terms of the Share Option Scheme

(i) *Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to provide an incentive or a reward to participants for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which our Group holds any equity interest ("**Invested Entity**").

(ii) *Who may join*

Subject to the provisions in the Share Option Scheme, our Board shall be entitled at any time and from time to time within the period of 10 years after the date of adoption of the Share Option Scheme to make an offer to any of the following classes of persons:

(1) any employee (whether full-time or part-time) of our Company, any of our subsidiaries and any Invested Entity;

(2) any director (including executive, non-executive and independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of our Group or any Invested Entity;

(4) any customer of our Group or any Invested Entity;

(5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to our Group or any Invested Entity; and

(6) any person who, in the sole discretion of our Board, has contributed or may contribute to our Group or any Invested Entity.

(iii) *Maximum number of Shares*

(1) Notwithstanding anything to the contrary herein, the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

(2) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not exceed [REDACTED] Shares, being 10% of the total number of Shares in issue as at the [REDACTED], unless our Company obtains the approval of our Shareholders in general meeting for renewing the 10% limit ("**Scheme Mandate Limit**") under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company will not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.

(3) Our Company may seek approval of our Shareholders in general meeting to renew the Scheme Mandate Limit such that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company as "renewed" shall not exceed 10% ("**Renewal Limit**") of the total number of Shares in issue as at the date of the approval of our Shareholders on the renewal of the Scheme Mandate Limit, provided that options previously granted under the Share Option Scheme (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme) will not be counted for the purpose of calculating the Renewal Limit.

For the purpose of seeking the approval of our Shareholders for the Renewal Limit, a circular containing the information and the disclaimer as required under the GEM Listing Rules must be sent to our Shareholders.

(4) Our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the proposed grantee(s) of such option(s) must be specifically identified by our Company before such approval is sought. For the purpose of seeking the approval of our Shareholders, our Company must send a circular to our Shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and the information as required under the GEM Listing Rules.

(iv) *Maximum entitlement of each participant*

No option shall be granted to any participant if any further grant of options would result in the Shares issued and to be issued upon exercise of the options granted and to be granted to such person (including both exercised and outstanding options) in any 12-month period up to and including such further grant exceeding 1% of the total number of Shares in issue, unless:

(1) such further grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 23 of the GEM Listing Rules, by resolution of our Shareholders in general meeting at which the participant and his associates shall abstain from voting;

(2) a circular regarding the further grant has been despatched to our Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules (including the identity of the participant, the number and terms of the options to be granted and options previously granted to such participant); and

(3) the number and terms (including the subscription price) of such option are fixed before the general meeting of our Company at which the same are approved.

(v) *Grant of options to connected persons*

(1) The grant of options to a Director, chief executive or Substantial Shareholder of our Company or any of their respective associates (including discretionary trust in which any connected persons are beneficiary) requires the approval of all our independent non-executive Directors (excluding any independent non-executive Director who is a prospective grantee of the option) and shall comply with the relevant provisions of Chapter 23 of the GEM Listing Rules.

(2) Where an option is to be granted to a Substantial Shareholder or an independent non-executive Director (or any of their respective associates), and such grant will result in our Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate more than 0.1% of the total number of Shares in issue at the relevant date of grant; and

(b) having an aggregate value (based on the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of such grant, or if the date the such grant is not a business day, the business day immediately preceding to the date of such grant) in excess of HK$5.0 million, such grant shall not be valid unless

I. a circular containing the details of the grant has been despatched to our Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 23 of the GEM Listing Rules, including, in particular, (i) details of the number and terms (including subscription price) of the options to be granted to each connected person of our Company, which must be fixed before the Shareholders' meeting and the date of our Board meeting for proposing such further grant is to be taken as the date of grant for the purposes of calculating the subscription price, (ii) a recommendation from our independent non-executive Directors (excluding our independent non-executive Director who is the prospective grantee of the option) to our independent Shareholders as to voting; and (iii) the information and disclaimer required under the GEM Listing Rules and the information as may be required by the Stock Exchange from time to time; and

II. the grant has been approved by our Shareholders in general meeting (taken on a poll) at which all connected persons of our Company shall abstain from voting in favour of the grant.

(vi) *Time of acceptance and exercise of an option*

An offer of grant of an option may be accepted by a participant within the date as specified in the offer letter issued by our Company, being a date not later than 21 days from the date upon which it is made, by which the participant must accept the offer or be deemed to have declined it, provided that such date shall not be more than ten (10) years after the date of adoption of the Share Option Scheme.

A consideration of HK$1.00 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable. An option may be exercised in whole or in part by the grantee (or his personal representative(s)) at any time before the expiry of the period to be determined and notified by our Board to the grantee which in any event shall not be longer than ten (10) years commencing on the date of the offer letter and expiring on the last day of such ten (10)-year period subject to the provisions for early termination as contained in the Share Option Scheme.

(vii) *Performance targets*

Unless otherwise determined by our Board and specified in the offer letter at the time of the offer, there is no performance target required to be achieved before an Option can be exercised.

(viii) *Subscription price for Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price determined by our Board in its absolute discretion and notified to an participant, and shall be at least the higher of: (1) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made to a participant (the "**Offer Date**"); (2) the average closing price of our Shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive Business Days immediately preceding the Offer Date; and (3) the nominal value of a Share on the Offer Date.

(ix) *Ranking of Shares*

Our Shares to be issued and allotted upon the exercise of an option shall be subject to the Articles of Association for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue as at the date of allotment and issue ("**Exercise Date**"), and will entitle the holders to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date.

(x) *Restrictions on the time of grant of options*

A grant of Options shall not be made after a development of or a matter constituting inside information has been the subject of a decision of our Group until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the Inside Information Provisions of Part XIVA of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong). In particular, during the period of one month immediately preceding the earlier of:

(1) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and

(2) the deadline for our Company to publish an announcement of its results for any year, half-year and quarterly period under the GEM Listing Rules, or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement, no option may be granted.

(xi) *Period of the Share Option Scheme*

Subject to any prior termination by our Company in a general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme ("**Option Period**"), after which period no further option shall be granted but in respect of all options which remain exercisable at the end of such period, the provisions of the Share Option Scheme shall remain in full force and effect.

(xii) *Rights on cessation of employment*

Where the grantee of an outstanding option ceases to be an employee of our Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (xxii)(5), the option shall lapse on the date of cessation (to the extent not already exercised) and not be exercisable unless our Board otherwise determines to grant an extension (to the extent which has become exercisable and not already exercised) and subject to any other terms and conditions decided at the discretion of our Board. For the avoidance of doubt, such period of extension (if any) shall be granted within and in any event ended before the expiration of the period of one month following the date of his cessation to be an employee of our Group.

(xiii) *Rights on death*

Where the grantee of an outstanding option dies before exercising the option in full or at all, and none of the events specified in (xxii)(5) which would be a ground for termination of his employment or engagement arises, the option may be exercised in full or in part (to the extent not already exercised) by his personal representative(s) within 18 months following the date of his death or such longer period as our Board may at its absolute discretion determine from the date of death to exercise the option up to the entitlement of such grantee as at the date of death (to the extent which has become exercisable and not already exercised).

(xiv) *Rights on a general offer other than by way of scheme of arrangement*

In the event that a general or partial offer (whether by way of take-over offer, share buy-back offer is made to all the holders of Shares (other than by way of scheme of arrangement as specified in sub-paragraph (xv) (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (within the meaning of the Codes on Takeovers and Mergers and Share Buy-backs) with the offeror) and if such offer becomes or is declared unconditional prior to the expiry of the relevant Option Period, the grantee (or his personal representative(s)) shall be entitled to exercise the option in full (to the extent to which it has become exercisable on the date of the notice of the offeror and not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(xv) *Rights on a general offer by way of scheme of arrangement*

In the event that a general or partial offer by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the grantee (or his personal representative(s)) may thereafter (but only until such time as shall be notified by our Company, after which it shall lapse) exercise the option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in such notice.

(xvi) *Rights on winding-up*

In the event that a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same day as or soon after it despatches such notice to each member of our Company give notice thereof to all the grantees and thereupon, each grantee (or his respective personal representative(s)) may, subject to the provisions of all applicable laws, by notice in writing to our Company, accompanied by the remittance of the subscription price in respect of the relevant option (such notice to be received by our Company not later than two business days prior to the proposed general meeting of our Company) exercise the option (to the extent which has become exercisable and not already exercised) whether in full or in part and our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee which may fall to be issued on such exercise credited as fully paid and register the grantee as holder of such Shares.

(xvii) *Rights on compromise or arrangement between our Company and its creditors*

In the event that other than a general or partial offer or a scheme of arrangement contemplated in sub-paragraph (xv), if a compromise or arrangement between our Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice thereof to all the grantees on the same day as it despatches the notice which is sent to each member or creditor of our Company summoning the meeting to consider such a compromise or arrangement, and thereupon each grantee (or his personal representative(s)) may by notice in writing to our Company accompanied by the remittance of the subscription price in respect of the relevant option (such notice to be received by our Company not later than two business days before the proposed meeting) exercise any of his options (to the extent which has become exercisable and not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Our Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting referred to above, allot and issue such number of Shares to the grantee which may fall to be issued on such exercise credited as fully paid and register the grantee as holder of such Shares. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may require the grantee (or his personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(xviii) *Reorganisation of capital structure*

In the event of a capitalisation issue, rights issue, sub-division or consolidation of the Shares or reduction of capital in our Company whilst any option remains exercisable, (excluding any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in respect of a transaction to which our Company is a party), such corresponding alterations (if any) shall be made to:

(1) the number or nominal amount of Shares subject to the option so far as unexercised; and/or

(2) the subscription price,

or any combination thereof, as an independent financial adviser appointed by our Company or the auditors shall certify in writing to our Directors, either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided that any such alterations shall give a grantee the same proportion of the issued share capital of our Company as that to which he was previously entitled, but so that no such alterations shall be made the effect of which would be to enable any Share to be issued at less than its nominal value. The capacity of the independent financial adviser or the auditors in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final, conclusive and binding on our Company and the grantees. The costs of the independent financial adviser or the auditors shall be borne by our Company. Notice of such alteration(s) (if any) shall be given to the grantees by the Company.

(xix) *Cancellation of options*

Our Board may, with the consent of the relevant grantee, at any time at its absolute discretion cancel any option granted but not exercised. Where our Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under this Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the Scheme Mandate Limit approved by our Shareholders.

(xx) *Termination of Share Option Scheme*

Our Company, by resolution in general meeting, or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. Options granted prior to such termination and not then exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme and the GEM Listing Rules.

(xxi) *Rights are personal to grantee*

An option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option or enter into any agreement to do so. Any breach of the foregoing by the grantee shall entitle our Company to cancel any option or part thereof granted to such grantee (to the extent not already exercised) without incurring any liability on the part of our Company.

(xxii) *Lapse of option*

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(1) the expiry of the Option Period (subject to the provision referred to in sub-paragraph (xx));

(2) the expiry of the periods referred to in sub-paragraphs (xii), (xiii) or (xv);

(3) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining Shares in the offer, the expiry of the period referred to in sub-paragraph (xiv);

(4) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph (xvi);

(5) the date on which the grantee ceases to be a participant by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract constituting him a participant, on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his integrity or honesty;

(6) the date of the commencement of the winding-up of our Company;

(7) the date on which the grantee sells, transfers, charges, mortgages, encumbers or creates any interest (whether legal or beneficial) in favour of any third party over or in relation to any option or purports to do any of the foregoing in breach of the Share Option Scheme; and

(8) the date on which our Directors shall at their absolute discretion determine that the grantee (other than an eligible employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and our Group or any Invested Entity on the other part or that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally. In such event, his options will lapse automatically and will not in any event be exercisable on or after the date on which our Directors have so determined.

(xxiii) *Alterations to the Share Option Scheme*

The Share Option Scheme may be altered in any respect by resolution of our Board except that the provisions of the Share Option Scheme relating to matters contained in Rule 23.03 of the GEM Listing Rules shall not be altered to extend the class of persons eligible for the grant of options or to the advantage of grantees or participants except with the prior approval of a resolution of our Shareholders in general meeting, with grantees and their associates abstaining from voting. No such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be

granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of our Shareholders under the Articles of Association for a variation of the rights attached to our Shares. Any alterations to the terms and conditions of the Share Option Scheme, which are of a material nature or change the authority of our Board, shall be approved by the Stock Exchange and our Shareholders, 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 options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules. Any change to the authority of our Directors or scheme administrators in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders at general meeting.

(xxiv) *Conditions*

The Share Option Scheme is conditional on:

(1) the [REDACTED] of the Stock Exchange granting approval of the [REDACTED] of, and permission to deal in, our Shares in issue, our Shares to be issued pursuant to the [REDACTED] the [REDACTED], and any Shares which may fall to be issued pursuant to the exercise of any options under the Share Option Scheme;

(2) the obligations of the [REDACTED] under the [REDACTED] becoming unconditional and not being terminated in accordance with the terms of the [REDACTED] or otherwise; and

(3) the commencement of [REDACTED].

2. Present status of the Share Option Scheme

(i) *Approval and adoption of the rules of the Share Option Scheme*

The rules of the Share Option Scheme were approved and adopted by our Shareholder on 21 June 2016.

(ii) *Application for [REDACTED]*

Application has been made to the Stock Exchange for the [REDACTED] of, and permission to deal in, our Shares to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme. The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not exceed [REDACTED] Shares, being 10% of the total number of Shares in issue as at the [REDACTED] unless our Company obtains the approval of our Shareholders in general meeting for renewing the said 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company will not be counted for the purpose of calculating the 10% limit above-mentioned.

(iii) *Grant of option*

As at the Latest Practicable Date, no options have been granted or agreed to be granted under the Share Option Scheme.

(iv) *Value of options*

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

E. OTHER INFORMATION

1. Tax indemnity

Each of our Controlling Shareholders pursuant to the Deed of Indemnity referred to in the paragraph headed "B. Further Information about the Business of our Group — 1. Summary of material contracts" in this appendix, has given joint and several indemnities in respect of, among other things, (a) any estate duty, death duty, inheritance tax, succession duty or any other similar tax or duty which is or becomes payable by our Company or any members of our Group by the operation of any estate duty, death duty, inheritance tax, succession duty or any other similar legislation in Hong Kong or any other relevant jurisdiction as a result or in consequence of any event or transaction occurring on or before the [REDACTED], whether or not such event or transaction shall have taken place in conjunction with any circumstances whenever occurring; (b) any tax liabilities which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received on or before the [REDACTED] or any event or transaction entered into or occurring on or before the [REDACTED] whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company including without limitation, any taxation falling on any market of our Group resulting from or by reference to the Reorganisation.

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

2. Litigation

During the Track Record Period and up to the Latest Practicable Date, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group which would have a material adverse effect on our business, result of operations or financial conditions.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the [REDACTED] of, and permission to deal in, our Shares in issue and to be issued as mentioned in this document, any Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme on the Stock Exchange.

The Sole Sponsor satisfies the independence criteria applicable to sponsors under Rule 6A.07 of the GEM Listing Rules. The Sole Sponsor is entitled to the sponsor's fee in the amount of HK$4.6 million.

4. Preliminary expenses

The preliminary expenses of our Company in relation to the [REDACTED] are approximately HK$42,600 and are payable by our Company.

5. Promoter

Our Company has no promoter. Save as disclosed in this document, within the two years preceding the date of this document, no cash, securities or other benefit had been paid, allotted or given, nor are any such cash, securities or other benefit intended to be paid, allotted or given, to the promoter of our Company in connection with the [REDACTED] or the related transactions described in this document.

6. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this document:

Name	Qualification
Shenwan Hongyuan	licensed corporation holding a licence to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
BDO Limited	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Shin & Kim	Korean attorneys-at-law
Ben & Partners	Advocates & Solicitors, Malaysia

7. Consents of experts

Each of the experts referred to under the paragraph headed "E. Other Information — 6. Qualifications of experts" in this appendix has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or the references to its name included herein in the form and context in which they are respectively included.

None of the experts named in the paragraph headed "E. Other Information — 6. Qualifications of experts" in this appendix has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Binding Effect

This document shall have the effect, if application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. [REDACTED]

Our Company's principal register of members will be maintained in the Cayman Islands by [REDACTED], and a branch register of members will be maintained in Hong Kong by [REDACTED]. Unless our Directors otherwise agree, all transfers and other documents of title of our Shares must be lodged for registration with and registered by [REDACTED] in Hong Kong and may not be lodged in the Cayman Islands.

10. Annual general meeting(s)

The annual general meeting(s) of our Company are expected to be held in Hong Kong and conducted in English.

In the event that our annual general meetings are held at a place outside Hong Kong, our Company will arrange our Shareholders to attend and vote in our annual general meetings in Hong Kong concurrently through the use of technology (including but not limited to webcast or video conference).

11. Bilingual document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

12. Miscellaneous

Save as disclosed in this document:

(a) within the two years immediately preceding the date of this document:

(i) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash; and

(ii) 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;

(b) no share, warrant 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) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any [REDACTED] or permission to deal being or proposed to be sought;

(d) all necessary arrangements have been made enabling our Shares to be admitted into [REDACTED];

(e) our Company has no outstanding convertible debt securities;

(f) neither our Company nor any of our subsidiaries has issued or agreed to issue any founder shares or management shares or deferred shares or any debentures;

(g) our Directors confirm that none of them shall be required to hold any Shares by way of qualification and none of them has any interest in the promotion of our Company;

(h) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2015 (being the date to which the latest audited combined financial statements of our Group were made up); and

(i) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this document.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were copies of the written consents referred to in the paragraph headed "E. Other Information — 7. Consents of experts" in Appendix IV to this document, and copies of the material contracts referred to in the paragraph headed "B. Further Information about the Business of our Group — 1. Summary of material contracts" in Appendix IV to this document.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Michael Li & Co., our HK legal advisers, at 19/F, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

1. the Memorandum and Articles of Association of our Company;

2. the accountants' report of our Group prepared by BDO Limited, the text of which is set out in Appendix I to this document;

3. the audited combined financial statements of our Group for each of the two years ended 31 December 2015;

4. the report on the unaudited pro forma financial information of our Group prepared by BDO Limited, the text of which is set out in Appendix II to this document;

5. the rules of the Share Option Scheme referred to in the paragraph headed "D.Share Option Scheme" in Appendix IV to this document;

6. the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix III to this document;

7. the Korean legal opinion prepared by Shin & Kim in respect of certain statements referred to in this document;

8. the Malaysian legal opinion prepared by Ben & Partners in respect of certain statements referred to in this document;

9. the Companies Law;

10. the material contracts referred to in the paragraph headed "B. Further Information about the Business of our Group — 1. Summary of material contracts" in Appendix IV to this document;

11. the written consents referred to in the paragraph headed "E. Other Information — 7. Consents of experts" in Appendix IV to this document; and

12. the service contracts, service agreements and letters of appointment referred to in the paragraph headed "C. Further Information about Directors, Management and Substantial Shareholders — 3. Particulars of service agreements" in Appendix IV to this document.