In Technical Productions Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)
Stock Code 股份代號: 8446

Annual Report
2017 年報

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This report, for which the directors (the "Directors") of In Technical Productions Holdings Limited (the "Company") collectively and individually accept full responsibilities, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company and its subsidiaries (together the "Group"). The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yeung Ho Ting Dennis *(Chairman)*
Mr. Tam Chun Yu

Non-executive Director

Mr. Law Wang Chak Waltery

Independent non-executive Directors

Mr. Li Kai Sing
Mr. Ma Tsz Chun
Ms. Loh Lai Ping Phillis

AUDIT COMMITTEE

Mr. Li Kai Sing *(Chairman)*
Mr. Ma Tsz Chun
Ms. Loh Lai Ping Phillis

REMUNERATION COMMITTEE

Mr. Ma Tsz Chun *(Chairman)*
Mr. Li Kai Sing
Ms. Loh Lai Ping Phillis

NOMINATION COMMITTEE

Mr. Yeung Ho Ting Dennis *(Chairman)*
Mr. Li Kai Sing
Mr. Ma Tsz Chun

AUTHORISED REPRESENTATIVES (FOR THE PURPOSES OF THE GEM LISTING RULES)

Mr. Yeung Ho Ting Dennis
Ms. Leung Yin Fai *(HKICPA, ACCA, CPA Australia)*

COMPLIANCE OFFICER

Mr. Yeung Ho Ting Dennis

COMPANY SECRETARY

Ms. Leung Yin Fai *(HKICPA, ACCA, CPA Australia)*

REGISTERED OFFICE IN CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House, 75 Fort Street,
P.O. Box 1350, Grand Cayman,
KY1-1108, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit D2, 5/F, Hoi Bun Industrial Building,
6 Wing Yip Street, Kwun Tong,
Kowloon, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Estera Trust (Cayman) Limited
Clifton House, 75 Fort Street,
P.O. Box 1350, Grand Cayman,
KY1-1108, Cayman Islands

COMPLIANCE ADVISER

Shenwan Hongyuan Capital (H.K.) Limited
Level 19, 28 Hennessy Road,
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building,
Hong Kong

LEGAL ADVISER

Sidley Austin
39/F, Two International Finance Centre,
Central, Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road, Central, Hong Kong

COMPANY WEBSITE

www.intechproductions.com

Chairman's Statement

To the Shareholders,

On behalf of the board of Directors (the "Board") of the Company, I am pleased to present the audited consolidated annual financial statements of In Technical Productions Holdings Limited (the "Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 May 2017.

Leveraging on years of experience and competitive strengths of the Group, including leading visual display solution provider for pop concerts in Hong Kong, strong capabilities for providing customised visual display solutions and in-house repair and technical support, large quantity and wide range of visual display equipment; and experienced management and technical staff with strong knowhow and expertise, the management team of the Group effectively expand the Group's customer base and maintained a rapid growth in terms of overall sales. The Group recorded a record high revenue of approximately HK$66.8 million for the year ended 31 May 2017, representing an increase of approximately HK$26.0 million or 63.8% as compared with the year ended 31 May 2016. The gross profit of the Group for the year ended 31 May 2017 increased by approximately 88.3% to approximately HK$33.9 million from HK$18.0 million for the year ended 31 May 2016. The Group's loss was approximately HK$0.7 million for the year ended 31 May 2017, representing a decrease of approximately HK$7.6 million as compared with a profit of approximately HK$6.9 million for the year ended 31 May 2016. The decrease was mainly due to the recognition of the Listing expenses of approximately HK$17.6 million (2016: Nil) in connection with the Listing for the year ended 31 May 2017. Taking no account of the one-off Listing expenses, the Group's adjusted profit for the year ended 31 May 2017 would have been approximately HK$16.9 million, representing an increase of approximately HK$10.0 million or 144.4% as compared with the year ended 31 May 2016.

The shares of the Company (the "Shares") were successfully listed (the "Listing") on the GEM of the Stock Exchange by way of placing and public offer (collectively, the "Share Offer") on 14 June 2017, which marked a significant milestone for the Group. The net proceeds raised from Listing amounting to approximately HK$34.5 million will help the Group to implement its business strategies, which include (i) expanding the Group's business in Shanghai; (ii) enhancing the Group's business presence for providing visual display solutions for corporate events and exhibitions and (iii) developing a tracking system to enhance the Group's equipment management and utilisation. The Group believes that the successful implementation of the above business strategies will help the Group to strengthen the Group's position as a leading visual display solution provider for pop concerts in Hong Kong and create long-term Shareholder's value.

The above business strategies laid a solid foundation for the achievement of the profit target of the Group.

Chairman's Statement (Continued)

The Board will also proactively seek potential business opportunities and explore the possibility to expand the application of the Group's visual display solutions to industries other than live events industry so as to will broaden the sources of income of the Group and enhance value to the shareholders.

Looking forward, the Group will make steady progress in accordance with the plans formulated before its Listing and its actual operational conditions, so as to facilitate effective implementation of the business objectives of the Company and bring benefits from it.

The Board would like to extend its sincere thanks to the shareholders of the Company and the Group, business partners and customers for their utmost support to the Group. The Group would also like to take this opportunity to thank all management members and staff for their hard work and dedication throughout the year.

Yeung Ho Ting Dennis
Chairman
Hong Kong, 22 August 2017

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in the provision of visual display solution service.

During the year ended 31 May 2017, the Group was engaged in 343 pop concert shows for Hong Kong and non-Hong Kong artists/bands (2016: 298).

The Group derived approximately 85.2% of its total revenue during the year ended 31 May 2017 from pop concerts (2016: 80.9%), the majority of which took place in Hong Kong, the PRC, Taiwan and Macau. The remainder of the Group's revenue was attributable to other live events, including corporate events, exhibitions, sports and recreational events and other live performances, as well as equipment rental.

The Shares have been listed on the GEM of the Stock Exchange by way of the Share Offer since 14 June 2017 (the "Listing Date"). The proceeds from the Share Offer have strengthened the Group's cash flow position and enabled the Group to implement its future plans and business strategies as set out in the section headed "Statement of Business Objectives and Use of Proceeds" in the prospectus of the Company dated 31 May 2017 in relation to the Share Offer (the "Prospectus").

Principal Risks and Uncertainties

The Directors believe major risk factors relevant to the Group have been disclosed in the section headed "Risk Factors" in the Prospectus.

FINANCIAL REVIEW

Revenue

The Group generates revenue from providing (i) visual display solutions to its customers in relation to pop concert shows and various other live events; and (ii) equipment rental.

The following table sets out a breakdown of the Group's revenue by source of income during the year ended 31 May 2017 with comparative figures for the year ended 31 May 2016.

	Year ended 31 May 2017		Year ended 31 May 2016	
	HK$'000	**% of total revenue**	HK$'000	% of total revenue
Visual display solutions	**66,687**	**99.8**	38,678	94.8
Equipment rental	**133**	**0.2**	2,127	5.2
Total	**66,820**	**100.0**	40,805	100.0

During the year ended 31 May 2017, the Group principally derived its revenue from the provision of visual display solutions, which accounted for approximately 99.8% of the Group's total revenue (2016: 94.8%). The Group's revenue increased from approximately HK$40.8 million for the year ended 31 May 2016 to approximately HK$66.8 million for the year ended 31 May 2017, representing an increase of approximately 63.8%.

Visual display solutions

The following table sets out a breakdown of the Group's revenue from visual display solutions during the year ended 31 May 2017 with comparative figures for the year ended 31 May 2016. For the purpose of revenue breakdown presentation, other live events include corporate events, sports and recreation events, exhibitions and other live performances.

	Year ended 31 May 2017				Year ended 31 May 2016			
	No. of shows	Revenue (HK$'000)	% of total revenue from visual display solutions	Average revenue per show (HK$'000)	No. of shows	Revenue (HK$'000)	% of total revenue from visual display solutions	Average revenue per show (HK$'000)
Pop concerts	343	56,831	85.2	166	298	31,304	80.9	105
Other live events	292	9,856	14.8	34	235	7,374	19.1	31
Total revenue from visual display solutions	635	66,687	100.0	105	533	38,678	100.0	73

The increase in revenue from pop concerts was mainly attributable to (i) the increase in the number of pop concerts undertaken by the Group from 298 for the year ended 31 May 2016 to 343 for the year ended 31 May 2017 and (ii) the increase in the average revenue per show for pop concerts from approximately HK$105,000 for the year ended 31 May 2016 to approximately HK$166,000 for the year ended 31 May 2017 as a result of increase in the demand for higher quality and more complex visual display effect by the Group's customers.

The increase in revenue from other live events was mainly attributable to (i) the increase in the number of other live events undertaken by the Group from 235 for the year ended 31 May 2016 to 292 for the year ended 31 May 2017 and (ii) the increase in the average revenue per show for other live events from approximately HK$31,000 for the year ended 31 May 2016 to approximately HK$34,000 for the year ended 31 May 2017 because we undertook more large-scale corporate events for the year ended 31 May 2017.

Equipment rental

The Group occasionally rents out its equipment with a view to maximising the utilisation rate of the equipment. The revenue of the Group generated from equipment rental was approximately HK$0.1 million and HK$2.1 million, representing approximately 0.2% and 5.2% of its total revenue in the years ended 31 May 2017 and 2016, respectively.

Revenue analysis by geographical location

The following table sets out a breakdown of the number of shows and the revenue of the Group by geographical location during the year ended 31 May 2017 with comparative figures for the year ended 31 May 2016:

	Year ended 31 May 2017			Year ended 31 May 2016		
	No. of shows	Revenue (HK$'000)	% of total revenue	No. of shows	Revenue (HK$'000)	% of total revenue
Visual display solutions						
Hong Kong	447	27,435	41.1	362	18,655	45.7
PRC	154	33,005	49.4	112	10,483	25.7
Macau	15	1,735	2.6	31	3,250	8.0
Taiwan	15	3,275	4.9	26	6,275	15.4
Other	4	1,237	1.8	2	15	0.0
Subtotal	635	66,687	99.8	533	38,678	94.8
Equipment rental		133	0.2		2,127	5.2
Total		66,820	100.0		40,805	100.0

The following table sets out a breakdown of the revenue of the Group from pop concerts by geographical location during the year ended 31 May 2017 with comparative figures for the year ended 31 May 2016:

	Year ended 31 May 2017				Year ended 31 May 2016			
	No. of shows	Revenue (HK$'000)	% of total revenue from pop concerts	Average revenue per show (HK$'000)	No. of shows	Revenue (HK$'000)	% of total revenue from pop concerts	Average revenue per show (HK$'000)
Pop concerts								
Hong Kong	165	19,482	34.3	118	133	12,174	39.0	92
PRC	150	32,092	56.5	214	107	9,810	31.3	92
Macau	9	745	1.3	83	30	3,030	9.7	101
Taiwan	15	3,275	5.7	218	26	6,275	20.0	241
Other	4	1,237	2.2	309	2	15	0.0	8
Total revenue from pop concerts	343	56,831	100.0	166	298	31,304	100.0	105

During the year ended 31 May 2017, the Group provided services for a well-known Hong Kong artist for 80 shows of concert tour in Hong Kong, the PRC and other locations. Due to the significant amount of equipment (including some custom-made LED panels) used in that concert tour, the Group charged that customer with relatively higher service charges for each show in Hong Kong, the PRC and other locations. Therefore, the Group had a higher average revenue per show in Hong Kong, the PRC and other locations for the year ended 31 May 2017 as compared with the year ended 31 May 2016.

The following table sets out a breakdown of the revenue of the Group from other live events by the geographical location during the years ended 31 May 2017 with comparative figures for the year ended 31 May 2016:

	Year ended 31 May 2017				Year ended 31 May 2016			
	No. of shows	**Revenue (HK$'000)**	**% of total revenue from other live events**	**Average revenue per show (HK$'000)**	No. of shows	Revenue (HK$'000)	% of total revenue from other live events	Average revenue per show (HK$'000)
Other live events								
Hong Kong	**282**	**7,952**	**80.7**	**28**	229	6,481	87.9	28
PRC	**4**	**914**	**9.3**	**228**	5	673	9.1	135
Macau	**6**	**990**	**10.0**	**165**	1	220	3.0	220
Total revenue from other live events	**292**	**9,856**	**100.0**	**34**	235	7,374	100.0	31

Cost of services

The following table sets out the components of the cost of services of the Group during the year ended 31 May 2017 with comparative figures for the year ended 31 May 2016:

	Year ended 31 May 2017		Year ended 31 May 2016	
	HK$'000	**% of total cost of services**	HK$'000	% of total cost of services
Depreciation	**10,778**	**32.8**	6,767	29.6
Direct labour costs	**9,642**	**29.3**	6,067	26.6
Subcontracting charges	**6,770**	**20.5**	3,153	13.8
Freight and logistics expenses	**3,318**	**10.1**	2,220	9.7
Cost of equipment and spare parts	**1,028**	**3.1**	3,692	16.1
Equipment rental charges	**1,372**	**4.2**	943	4.2
Total	**32,908**	**100.0**	22,842	100.0

Depreciation

Depreciation recognised under the cost of services of the Group is related to the depreciation expenses for the visual display equipment of the Group for the provision of its services. For the year ended 31 May 2017, depreciation of visual display equipment represented approximately 32.8% of total cost of services (2016: 29.6%).

Direct labour costs

Direct labour costs of the Group represent compensation and benefits provided to the Group's project managers, visual technicians, equipment development and maintenance staff and warehouse keepers employed by the Group. For the year ended 31 May 2017, direct labour costs represented approximately 29.3% of total cost of services (2016: 26.6%).

Subcontracting charges

Subcontracting charges of the Group primarily represent fees paid and payable to the human resource company which provided us with workers for installing and dismantling visual display equipment at pop concerts or other live events in Hong Kong, the PRC and Macau. For the year ended 31 May 2017, subcontracting charges represented approximately 20.5% of total cost of services (2016: 13.8%).

Freight and logistics expenses

Freight and logistics expenses of the Group primarily represent transportation expenses for delivering the Group's visual display equipment to or from its warehouses to the designated venues of pop concerts and other live events or between different sites of pop concerts and other live events. For the year ended 31 May 2017, freight and logistics expenses represented approximately 10.1% of total cost of services (2016: 9.7%).

Cost of equipment and spare parts

Cost of equipment and spare parts of the Group represents the expenses in relation to tools and consumables used for on-site installation and maintenance, or cost relating to the equipment that the customer opt to keep. For the year ended 31 May 2017, the cost of equipment and spare parts represented approximately 3.1% of total cost of services (2016: 16.1%). The higher percentage accounted for the year ended 31 May 2016 was mainly due to the incurred cost of equipment of approximately HK$3.4 million for a concert tour held in Taiwan since the customer opted to keep the equipment upon completion of the concert tour.

Equipment rental charges

Equipment rental charges of the Group primarily represent rental charges for visual display equipment such as LED panels, projectors, video control units, and other equipment that was required for the pop concerts or other live events in Hong Kong, Macau and the PRC (i) where the Group's own relevant equipment was fully occupied at the particular time or (ii) for cost effectiveness reason in view of the logistics expenses. For the year ended 31 May 2017, equipment rental charges represented approximately 4.2% of total cost of services (2016: 4.2%).

Gross profit and gross profit margin

Gross profit of the Group for the year ended 31 May 2017 amounted to approximately HK$33.9 million (2016: HK$18.0 million), representing gross profit margin of approximately 50.8% (2016: 44.0%). The increase of the gross profit margin was mainly attributable to the higher utilisation of the visual display equipment of the Group.

Administrative expenses

The administrative expenses of the Group mainly include administrative staff costs, rent and rate, Listing expenses and others. The Group's administrative expenses increased by approximately 241.3% from approximately HK$8.7 million for the year ended 31 May 2016 to approximately HK$29.7 million for the year ended 31 May 2017, primarily due to the recognition of the Listing expenses approximately HK$17.6 million incurred for the preparation of the Listing during the year ended 31 May 2017 (2016: Nil).

Finance costs, net

The finance costs of the Group mainly consist of interests on bank borrowings which were wholly repayable within five years, interest expenses on bank overdrafts, interest expenses on obligations under finance leases, imputed interest on payables for equipment and imputed interest on shareholder's loan. The Group's finance costs increased by approximately 63.6% from approximately HK$1.1 million for the year ended 31 May 2016 to approximately HK$1.8 million for the year ended 31 May 2017 which was mainly due to the recognition of the imputed interests on payables for equipment and shareholder's loan during the year.

Income tax expense

The Group is subject to income tax on an enterprise basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. During the years ended 31 May 2017 and 2016, all PRC subsidiaries of the Company were subject to an Enterprise Income Tax rate of 25.0%. The Hong Kong subsidiary of the Company was subject to Hong Kong profit tax at the rate of 16.5% on the estimated assessable profits during the years ended 31 May 2017 and 2016.

The effective income tax rate of the Group was 122.6% in the year ended 31 May 2017 (2016: 19.3%). The higher effective income tax rate for the year ended 31 May 2017 was primarily due to the one-off Listing expenses of HK$17.6 million, which were not deductible for tax purposes.

(Loss)/Profit for the year

As a result of the foregoing, the Group's loss was approximately HK$0.7 million for the year ended 31 May 2017, representing a decrease of approximately HK$7.6 million or 109.6% as compared with a profit of approximately HK$6.9 million for the year ended 31 May 2016. The decrease was mainly due to the recognition of the Listing expenses of approximately HK$17.6 million in connection with the Listing for the year ended 31 May 2017 (2016: HK$Nil). Taking no account of the one-off Listing expenses, the Group's adjusted profit for the year ended 31 May 2017 would have been approximately HK$16.9 million, representing an increase of approximately HK$10.0 million or 144.4% as compared with the year ended 31 May 2016.

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources, Liquidity and Capital Structure

The Group finances its operations primarily through cash generated from operating activities and interest-bearing bank borrowing, overdrafts and finance leases. The Group recorded net current liabilities of approximately HK$11.3 million as at 31 May 2017 (2016: HK$12.3 million).

As at 31 May 2017, the Group's current liabilities exceeded its current assets by approximately HK$11.3 million. Included in current liabilities were bank borrowings of approximately HK$12.3 million which are due for repayment after one year but have been classified as current liabilities as they are subject to a repayable on demand clause as at 31 May 2017. Upon the completion of the Listing after payment of Listing expenses, the Group had raised net Listing proceeds of HK$34.5 million from the issuance of ordinary shares.

As at 31 May 2017, the Group's current ratio was approximately 0.8 (2016: 0.6) and the Group's gearing ratio calculated based on the total debt at the end of the year divided by total equity at the end of the year was approximately 136.9% (2016: 69.8%). The increase of the Group's gearing ratio in the year ended 31 May 2017 was mainly due to additions of shareholder's loan and bank loans of approximately HK$14.7 million and HK$10.0 million, respectively.

As at 31 May 2017, the maximum limit of the banking facilities available to the Group was amounted to HK$20.3 million. The bank borrowings were denominated in Hong Kong dollars, repayable within one year or on demand and interest-bearing from 4.0% to 7.0% per annum (2016: 4.0% to 7.7% per annum). As at 31 May 2017, all the bank borrowings were interest-bearing at floating rates of 4.0% to 7.0% per annum except a bank loan of approximately HK$0.2 million was at fixed rate of 4.0% per annum.

The Group's financial position has been further enhanced by the proceeds from the Share Offer in June 2017.

As at 31 May 2017, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK$24.9 million, comprising issued share capital and reserves.

The Shares were listed on the GEM of the Stock Exchange on the Listing Date. There has been no change in the capital structure of the Group since then.

FOREIGN CURRENCY EXPOSURE RISKS

The Group operates mainly in Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to certain purchases with United states dollars ("US$") and certain sales with Renminbi ("RMB"). Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the group entities' functional currency. The Group however did not engage in any derivatives agreements and did not commit to any financial instrument to hedge its foreign exchange exposure during the year ended 31 May 2017.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 May 2017. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the year ended 31 May 2017, the Group did not have any significant investments, material acquisitions nor disposals of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of Listing as set out in the paragraph headed "Reorganisation" under the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 May 2017, the Group did not have any material capital commitments or any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 May 2017, the Group's pledged short-term bank deposits in the amount of HK$3.0 million was pledged as security for the Group's banking facilities.

USE OF PROCEEDS AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The net proceeds from the Share Offer was approximately HK$34.5 million (after deduction of the underwriting commission and Listing related expenses). As the actual amount of the Listing expenses is higher than the estimated amount of the Listing expenses set out in the Prospectus, the actual net proceeds from the Share Offer was less than the estimated net proceeds of approximately HK$35.5 million as set out in the Prospectus and the allotment results announcement dated 13 June 2017. Accordingly, the amount of proceeds allocated for use as general working capital is adjusted from HK$1.7 million to HK$0.7 million. The amount of net proceeds allocated to other uses as set out in the section headed "Statement of Business Objectives and Use of Proceeds" in the Prospectus will remain unchanged.

Given that the Share Offer was completed after 31 May 2017, the implementation plan as set out in the section headed "Statement of Business Objectives and Use of Proceeds" in the Prospectus will commence during the year ending 31 May 2018.

Up to the date of this report, HK$0.8 million and HK$4.8 million of the net proceeds from the Share Offer have been utilised for settlement of payable for visual display equipment purchased for use in concert tour for a well-known Hong Kong artist and repayment of bank borrowings, respectively. The unutilised net proceeds of approximately HK$28.9 million are deposited in a licensed bank in Hong Kong.

Corporate Governance Report

The Board is committed to establish and ensuring high standards of corporate governance and adopt sound corporate governance practices. The Company's corporate governance practices are based on the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. The Directors strongly believe that reasonable and sound corporate governance practices are essential for the growth of the Group and for safeguarding and enhancing shareholders' interests.

As the Shares were listed on 14 June 2017 (the "Listing Date"), the Company was not required to comply with the requirements set out in the CG Code for the year ended 31 May 2017. However, the Directors consider that since the Listing Date and up to the date of this report, except for the deviation from code provision A.2.1 of the CG Code, the Company has complied with all the applicable code provisions set out in the CG Code. Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yeung Ho Ting Dennis is the chairman and the chief executive officer of the Company. In view of Mr. Yeung's role in day-to-day operations and management of the Group since April 2009, the Board believes that it is in the best interest of the Group to have Mr. Yeung taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance and the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

BOARD OF DIRECTORS

The key responsibilities of the Board include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the Board committees of the Company. Further details of the Board committees are set out below in this report.

The Board is entrusted with the overall responsibility for promoting the success of the Company by the direction and supervision of the Company's business and affairs and the ultimate responsibility for day to day management of the Company which is delegated to the management. To this end, monthly financial and operational information are provided to the Board for assessing the performance of the Company and its subsidiaries. For significant matters that are specifically delegated by the Board, the management must report back to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The management is responsible for the day-to-day management and operation of the Group and to provide the Board with updates in a timely manner, giving an assessment of the Company's performance and position to enable the Board to discharge its duties.

The Board is responsible for, among others, performing the corporate governance duties as set out in the code provision D.3.1 of the CG Code, which include:

(a) to develop and review the Group's policies and practices on corporate governance and make recommendations;

(b) to review and monitor the training and continuous professional development of the Directors and senior management;

(c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and

(e) to review the Group's compliance with the CG Code and disclosure in the corporate governance report.

Board Composition

Up to the date of this report, the Board comprises six Directors, two of whom are executive Directors, one is a non-executive Director and the other three are independent non-executive Directors. Details of their composition by category are as follows:

Executive Directors

Mr. Yeung Ho Ting Dennis (appointed as director on 4 November 2016 and redesignated as executive director and appointed as chairman of the Board and chief executive officer on 10 November 2016)

Mr. Tam Chun Yu (appointed on 10 November 2016)

Non-executive Director

Mr. Law Wang Chak Waltery (appointed on 10 November 2016)

Independent Non-executive Directors

Mr. Li Kai Sing (appointed on 19 May 2017)

Mr. Ma Tsz Chun (appointed on 19 May 2017)

Ms. Loh Lai Ping Phillis (appointed on 19 May 2017)

All Directors have appropriate professional qualification or substantive experience and industry knowledge. The Board as a whole has achieved an appropriate balance of skills and experience. The composition of the Board satisfies the requirements of Rules 5.05 and 5.05A of the GEM Listing Rules. There are three independent non-executive Directors and at least one of them has accounting professional qualification. With more than one-third of the members of the Board are independent non-executive Directors, the Board has a fairly strong independence element in terms of its composition.

The participation of independent non-executive Directors in the Board brings a diverse range of expertise, skills and independent judgment on issues relating to the Group's strategies, performance, conflicts of interests and management process to ensure that the interests of all shareholders of the Company have been duly considered.

The details of Directors are set out in the section headed "Biographies of Board of Directors and Senior Management" on pages 41 to 44 of this report. There are no family or other material relationships among members of the Board.

Number of Meetings and Directors' Attendance

The Board has established three committees, namely, the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee"), on 19 May 2017 with delegated powers for overseeing particular aspects of the Company's affairs. Each of the committees of the Company has been established with written terms of reference.

As the Company became listed on 14 June 2017, the Board committees did not convene any meeting during the year ended 31 May 2017.

The Board will conduct at least four regular meetings a year. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's articles of association (the "Articles"). The chairman of the Board also meets with the independent non-executive Directors at least once a year without the presence of the executive Directors. Notices and agendas of regular Board meetings are served to all Directors at least 14 days before convening the Board meeting. For all other Board and committee meetings, reasonable notice is generally given. All other schedules and the relevant information of each Board and committee meeting are generally made available to Directors or committee members at least three days in advance. The Board and each Director also have separate and independent access to the management whenever necessary.

During the period from the Listing Date to the date of this report, the Company held one Board meeting, one Audit Committee meeting, one Remuneration Committee meeting and one Nomination Committee meeting. All minutes of the Board meetings and meetings of Board committees were recorded in sufficient detail the matters considered by the Board and the decisions reached. Details of the attendance of Directors are as follows:

	Attendance/Number of meetings				
Name of Directors	**Board Meeting**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General meeting**
Executive Directors:					
Mr. Yeung Ho Ting Dennis	2/2	—	—	1/1	—
Mr. Tam Chun Yu	2/2	—	—	—	—
Non-executive Director:					
Mr. Law Wang Chak Waltery	2/2	—	—	—	—
Independent Non-executive Directors:					
Mr. Li Kai Sing	2/2	1/1	1/1	1/1	—
Mr. Ma Tsz Chun	1/2	1/1	1/1	1/1	—
Ms. Loh Lai Ping Phillis	1/2	1/1	1/1	—	—

The company secretary of the Company ("Company Secretary") attended all the scheduled Board meetings to report matters arising from corporate governance, risk management, statutory compliance, accounting and finance.

Practice and Conduct of Meetings

Schedules and draft agenda of each meeting are normally made available to Directors in advance. At least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are duly kept by the Company Secretary at the meetings and open for inspection by the Directors.

The Articles contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or Audit Committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions.

Appointment and Re-election of Directors

The Articles provide that at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement at an annual general meeting at least once every three years.

The non-executive Directors should be appointed for a specific term and subject to re-election. Each of the non-executive Director and independent non-executive Directors has entered into an appointment letter with the Company. The appointment letter of each of the non-executive Director and independent non-executive Directors is for a term of three years commencing from the Listing Date, which may be terminated by not less than one month's notice in writing served by either party on the other. The aforesaid appointment letters are subject to termination provisions therein and the retirement and re-election provisions in the Articles. Details of the appointment letters are summarised in the Report of the Board of Directors on page 28 of this report.

Directors' Continuous Training and Professional Development

To assist Directors' continuing professional development, the Company recommends Directors to participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all Directors have participated in continuous professional development by attending training courses or reading relevant materials on the topics related to corporate governance and regulations. Records of the training received by the respective Directors are kept and updated by the Company Secretary.

Non-executive Director and Independent Non-executive Directors

Mr. Law Wang Chak Waltery was appointed as the non-executive Director with effect from 10 November 2016. Mr. Li Kai Sing, Mr. Ma Tsz Chun and Ms. Loh Lai Ping Phillis were appointed as the independent non-executive Directors on 19 May 2017.

The non-executive Director and independent non-executive Directors are experienced professionals with expertise in respective areas of accounting, finance, industry knowledge and expertise. With their professional knowledge and experience, the independent non-executive Directors serve an important function of advising the senior management on strategy development and ensure that the Board maintains high standards in financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interests of the shareholders and the Company as a whole; and independent non-executive Directors will participate in the Company's various committees including the Audit Committee, the Remuneration Committee and the Nomination Committee.

The Company has received from each of its independent non-executive Directors the written confirmation of his/her independence. The Company considers the independent non-executive Directors to be independent in accordance with Rule 5.09 of the GEM Listing Rules.

Chairman and Executive Directors

Mr. Yeung Ho Ting Dennis was appointed as a Director on 4 November 2016 and was re-designated as an executive Director, chief executive officer and the chairman of the Board on 10 November 2016. Mr. Tam Chun Yu was appointed as an executive Director of the Company on 10 November 2016.

The chairman of the Board provides leadership to the Board and is also responsible for the effective functioning of the Board in accordance with good corporate governance practice and is responsible for the overall corporate management of the business development strategies of the Group, The executive Directors are responsible for the implementation of the business strategies, policies and objectives set out by the Board and is accountable to the Board for the overall operations of the Group. These functions and responsibilities are currently being shared by the management team.

BOARD COMMITTEE

Audit Committee

The Company established the Audit Committee on 19 May 2017 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The full terms of reference setting out details of the authority, duties and responsibilities of the Audit Committee is available on both the GEM website and the Company's website.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Li Kai Sing, Mr. Ma Tsz Chun and Ms. Loh Lai Ping Phillis. Mr. Li Kai Sing is the chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, risk management and internal control systems of the Group, to oversee the audit process, to develop and review the policies of the Group and to perform other duties and responsibilities as assigned by the Board. The full terms of reference setting out details of duties of the Audit Committee is available on both the GEM website and the Company's website.

The Audit Committee is satisfied with their review of the auditors' remuneration, the independence of the auditors, PricewaterhouseCoopers ("PwC"), and recommended the Board re-appoint PwC as the Company's auditors in the financial year ending 31 May 2018, which is subject to the approval of shareholders at the forthcoming AGM. The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 May 2017.

According to the current terms of reference, meetings of the Audit Committee shall be held at least four times a year and the external auditor may request a meeting if they consider that one is necessary.

Details of the number of Audit Committee meetings held and Directors' attendance are set out in the section headed "Number of Meetings and Directors' Attendance" on page 14 in this report.

Remuneration Committee

The Company established the Remuneration Committee on 19 May 2017 in compliance with Appendix 15 to the GEM Listing Rules, which comprises three independent non-executive Directors, namely Mr. Ma Tsz Chun, Mr. Li Kai Sing and Ms. Loh Lai Ping Phillis. Mr. Ma Tsz Chun is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include (but without limitation): (a) making recommendations to the Directors regarding the policy and structure for the remuneration of all the Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing remuneration policies; (b) making recommendations to the Board on the remuneration packages of the Directors and senior management of the Group; (c) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (d) considering and approving the grant of share options to eligible participants pursuant to the share option scheme conditionally adopted by the sole shareholder of the Company on 19 May 2017 (the "Share Option Scheme"). The full terms of reference setting out details of duties of the Remuneration Committee is available on both the GEM website and the Company's website.

The Remuneration Committee determines Directors' remuneration by reference to the benchmarking of the market. The Company also looks into individual Director's competence, duties, responsibilities, performance and the results of the Group in determining the exact level of remuneration for each Director.

Pursuant to the terms of reference of the Remuneration Committee, meeting shall be held at least once a year.

Details of the number of Remuneration Committee meeting held and Directors attendance are set out in the section headed "Number of Meetings and Directors' Attendance" on page 14 in this report.

Senior Management's remuneration

Senior Management's remuneration payment of the Group for the year ended 31 May 2017 falls within the following bands:

HK$	Number of individuals
Nil to HK$1,000,000	4

Details of the remuneration of the Directors and the five highest paid individuals are set out in notes 10 and 35 to the audited consolidated financial statements.

Remuneration policy

The remuneration policy of the Group for the Directors and senior management was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the performance of the Group and the individual performance of the Directors and senior management.

Nomination Committee

The Company established the Nomination Committee on 19 May 2017 which comprises one executive Director, namely Mr. Yeung Ho Ting Dennis, and two independent non-executive Directors, Mr. Li Kai Sing and Mr. Ma Tsz Chun. Mr. Yeung Ho Ting Dennis is the chairman of the Nomination Committee.

The primary function of the Nomination Committee is to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. The full terms of reference setting out details of the authority, duties and responsibilities of the Nomination Committee is available on both the GEM website and the Company's website.

Pursuant to the terms of reference of the Nomination Committee, meeting can be called by the member of the Nomination Committee any time when it is necessary.

The Nomination Committee has reviewed the structure, size and composition of the Board and the Board diversity policy as well as discussing matters regarding the retirement and re-election of Directors.

Details of the number of Nomination Committee meeting held and Directors' attendance are set out in the section headed "Number of Meetings and Directors' Attendance" on page 14 in this report.

ACCOUNTABILITY AND AUDIT

Directors' and auditor's responsibilities for the consolidated financial statements

All Directors understand and acknowledge their responsibility for ensuring that the Group's consolidated financial statements for each financial year are prepared to give a true and fair view of the state of affairs, the financial results and cash flows of the Group in accordance with the disclosure requirements of the Companies Ordinance and the applicable accounting standards. In preparing the consolidated financial statements for the year ended 31 May 2017, the Board has adopted appropriate and consistent accounting policies and made prudent, fair and reasonable judgments and estimates. The Directors are responsible for maintaining proper accounting records which reflect with reasonable accuracy the state of affairs, operating results, cash flows and equity movement of the Group at any time. The Directors confirm that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards.

The Directors also confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report.

The reporting responsibilities of the Company's auditor, are set out in the Independent Auditor's Report on pages 45 to 49 of this report.

AUDITOR'S REMUNERATION

During the year ended 31 May 2017, the remuneration for the audit and non-audit services provided by the Company's auditor to the Group was as follows:

Services rendered	HK$
Annual audit service for the year ended 31 May 2017	1,100,000
Audit and reporting accountant services relating to the Listing of the Company	3,000,000
Total	4,100,000

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

The Directors review the Group's corporate governance policies and compliance with the CG Code each financial year and comply with the "comply or explain" principle in the corporate governance report which is or will be included in the annual reports of the Company.

BOARD DIVERSITY POLICY

The Company has adopted a Board diversity policy in accordance with the requirement as set out in the CG Code, which is summarised as below:

The Board diversity policy of the Company specifies that in designing the composition the Board, Board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board members' appointment will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity of the Board. Selection of candidates for the Board will be based on a range of diversity perspectives, including but not limited to gender, age, culture, ethnicity and educational background, professional experience, knowledge and skills.

The Company discloses the composition of the Board in corporate governance report every year and the Nomination Committee oversees the implementation of the Board diversity policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct ("Code of Conduct") regarding securities transactions by the Directors. The Company has confirmed, having made specific enquiry of the Directors, that all the Directors have complied with the Code of Conduct throughout the year ended 31 May 2017 and up to the date of this report.

COMMUNICATION WITH SHAREHOLDERS

The Company endeavours to maintain an on-going dialogue with the shareholders and in particular, through annual general meetings or other general meetings to communicate with the shareholders and encourage their participation.

The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each shareholder meeting.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

Significant Changes in the Constitutional Documents

During the period from the Listing Date to the date of this report, there has been no significant change in the constitutional documents of the Company. The Articles are available on the websites of the Stock Exchange and the Company.

General Meetings with Shareholders

The Company's annual general meeting will be held on 7 November 2017.

SHAREHOLDERS' RIGHTS

(a) Convening of an extraordinary general meeting on requisition by shareholders

Pursuant to Articles, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Shareholders also have the right to propose a person for election as a Director, the procedures are available on the websites of the Company and the Stock Exchange.

(b) Procedures for putting forward proposals at shareholders' meetings

Shareholders are welcomed to put forward proposals relating to the operations and management of the Group to be discussed at shareholders' meetings. The proposals shall be sent to the Company Secretary by a written requisition. Shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "Convening of an extraordinary general meeting on requisition by shareholders" above.

(c) Enquiries to the Board

Shareholders may put forward enquiries to the Board to the extent such information is publicly available to the Company Secretary who is responsible for forwarding communications relating to matters within the Board's purview to the executive Directors of the Company, communications relating to matters within a Board committee's area of responsibility to the chairman of the appropriate committee, and communication relating to ordinary business matters, such as suggestions, inquiries and consumer complaints, to the appropriate management of the Company, in writing to the principal place of business of the Company in Hong Kong.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company (*http://www.intechproductions.com*) has provided an effective communication platform to the public and the shareholders.

COMPANY SECRETARY

Ms. Leung Yin Fai, the Company Secretary, is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws are followed. Moreover, the Company Secretary is responsible for facilitating communications among Directors as well as with management.

During the year ended 31 May 2017, the Company Secretary has undertaken more than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibilities for establishing and maintaining appropriate and effective risk management and internal control systems of the Group. The Group's systems of risk management and internal control include a defined management structure with limits of authority, which is designed to help achieve business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant legislation and regulations. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives.

An organisational structure with operating policies and procedures, lines of responsibility and delegated authority has been established. The division/department head of each core operating division/department is accountable for the conduct and performance of such division/department within the agreed strategies, which are set by themselves and the Board together, and reports directly to the Board.

In the course of conducting the business, the Group is exposed to various types of risks. During the year ended 31 May 2017, the following principal risks of the Group were identified and classified into strategic risks, operational risks, financial risks and compliance risks.

Risk Areas	Principal Risks
Strategic Risks	Sensitivity to government policies; keeping up with new technologies and customers' taste; market competition risk, reputation risk
Operational Risks	Insufficient labour supply; workplace injury; disruption of IT system
Financial Risks	Liquidity risk, credit risk, interest rate risk, foreign exchange risk, inflation risk
Compliance Risks	Risk related to occupation safety and health; risk of non-compliance with ordinances related to employment; change of listing rules and relevant company regulations and ordinances

The Board is ultimately responsible for the risk management of the Group and it has delegated to executive management to carry out the risk identification and monitoring procedures. The objectives of the risk management are to enhance the governance and corporate management processes as well as to safeguard the Group against unacceptable levels of risks and losses.

The risk management process of the Group will involve, among others, (i) an annual risk identification and analysis exercise which involves assessment of the consequence and likelihood of risks and the development of risk management plans for mitigating such risks; and (ii) an annual review of the implementation of the risk management plans and fine tuning of the implementation plan when necessary.

During the period from Listing Date to the date of this report, the Board, through the Audit Committee, has conducted review of both design and implementation effectiveness of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board.

Even though the Group does maintain an internal audit function, the Board has overall responsibility for the risk management and internal control systems and for reviewing its effectiveness. In preparation for the Listing, an independent internal control consultant has been appointed to carry out a review of the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions covering the period from 1 June 2015 to 30 November 2016 and a follow-up review was also carried out in March 2017 after the Company implemented the recommended remedial measures. The Directors were satisfied that effective internal control measures as appropriate to the Group for the year ended 31 May 2017 were implemented properly and that no significant areas of weaknesses came into attention.

The Company has hired an internal audit manager to review the Group's system of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

LOOKING FORWARD

The Group will keep on reviewing its corporate governance standards on a timely basis and the Board endeavours to take the necessary actions to ensure compliance with the required practices and standards including the provisions of the CG Code.

Environmental, Social and Governance Report

In Technical Productions Holdings Limited (the "Company", together with its subsidiaries, the "Group") is pleased to present its environmental, social and governance report in accordance with the environmental, social and reporting guidelines as set out in Appendix 20 to the GEM Listing Rules. The principal businesses of the Group is to provide visual display solutions with visual display hardware and related services. The reporting period for this report is from 1 June 2016 to 31 May 2017.

Below are the Group's commitments to each of the focus area under its corporate social responsibility framework:

ENVIRONMENTAL PROTECTION

The Group attaches great importance to environmental protection and also implements sustainable initiatives in areas such as energy saving, water saving, waste management, air quality management into its daily operations so as to minimise the use of resources and reduce various emissions. The Group has adopted the following policies to protect the environment.

Emissions

Equipment with less exhaust emission

i. Company vehicles are checked and repaired regularly in order to enhance the fuel efficiency and to reduce reasonable exhaust emission.

ii. Company will purchase an electric vehicle with zero emissions in the year ending 31 May 2018 for transportation of staffs and customers.

iii. Staffs are encouraged to use public transport for office duty whenever possible to save fuel and minimise emission.

Indoor air quality policy

i. No smoking is allowed in office area.

ii. Air conditioners are cleaned regularly.

iii. Housekeeping of office is conducted on a weekly basis.

iv. Windows in the office are opened during office hours to induce fresh air into the office area whenever possible.

There was no non-compliance noted in relation to environmental laws and regulations for the year ended 31 May 2017 (2016: Nil).

Use of Resources

Energy

i. Room lights and air conditioners must be switched off when they are not in use.

Water

i. Water tap are constantly checked to avoid the water dripping.

Other Office Consumables

i. Stationaries are distributed on a needed basis and reusable stationaries are employed.

ii. Other than formal documents, paperless working environment is promoted in the Group.

iii. Recycled papers are encouraged to be used whenever possible when photocopying internal documentation.

iv. Used ink cartridges are either recycled through public recycle bin or collected by suppliers.

The Environmental and Natural Resources

The nature of the Group's business does not involve in any significant impacts on the environmental and natural resources. The relevant principles and policies on managing emission and use of resources are already disclosed above.

SOCIAL

The Group aims to ensure that the health, safety, and welfare of its employees are well taken care of and the Group acknowledges its responsibility towards employees who may be affected by its activities. While the Group regards legislative compliance as a minimum, whenever possible, the Group seeks to implement higher health and safety standards throughout the Group.

Employment Practice

Employment

i. The Group attaches great importance to the basic rights and interests of the employees, the entering into of employment contracts with all employees, and the provision of relevant social insurances, employees compensation insurance and medical insurance to all employees.

ii. The Group is an equal opportunities employer, committed to eliminating gender, age, race, disability and religious discrimination in employment and emphasising on the performance and experience of the staffs in promotion or recruitment. A fair and structural staff performance assessment is set for making promotion and salary increment decisions. Staff appraisal will be conducted annually to assess work performance.

There was no non-compliance with relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare noted for year ended 31 May 2017 (2016: Nil).

Health and Safety

i. The Group is dedicated to provide a healthy and safe workplace to its employees. The promotion of occupational and health measures at workplace are regarded as essential to the businesses and operations of the Group. Appropriate occupational and health manuals relevant to the Group's businesses are adopted by the core business units. Risk assessments of workstations are conducted constantly to identify and assess the risks to the safety and health of the employees, and to decide whether existing measures are adequate.

ii. First aid kits are located at convenient locations and are properly maintained in the office, workshop(s) and warehouse(s).

iii. Workplace safety posters are displayed at prominent location in warehouse(s) of the Group to remind the staff of safety.

There was no non-compliance with relevant laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards noted for the year ended 31 May 2017 (2016: Nil).

Development and Training

i. The Group believes that training is an important path to improve the overall work quality and offer comprehensive development to the employees. The Group encourages its employees to attend external or internal training courses to enhance their competence and job related knowledge.

ii. Experienced/Senior employees will provide supervision for the newcomers/subordinates in order to enhance communication and team spirits within the Group, and to improve their technical skills and managerial capability.

Labour Standard

i. The Group respects human rights and has a zero-tolerance policy towards the employment of forced labour and child labour. Upon joining the Group, each staff is required to fill in a recruitment form. Should the staff provide false identity or false personal particulars, he/she would be considered to have committed serious breach of the Group's rules and regulations and his/her employment would be terminated immediately.

There was no non-compliance with relevant laws and regulations relating to preventing child and forced labour noted for the year ended 31 May 2017 (2016: Nil).

Operating Practices

Supply Chain Management

i. The goods from the suppliers must be checked by the Group's qualified engineer for product quality and safety before they can be stored in warehouse.

ii. All parts suppliers of electronic equipment must comply with national or international safety standard.

iii. If the suppliers fail to maintain the safety standard of their products, the Group will eliminate the aforesaid suppliers from the approved supplier list.

iv. Annual supplier evaluation will be conducted by management.

Product Responsibility

i. The Group poses a fair marketing concept that commits not making dishonest allegation of its competitors in order to mislead the customers during their decision-making. Moreover, the Group would not acquire confidential information of a competitor via espionage, the subordination of the competitor's employees or through any other improper means.

ii. The Group has committed to supply the goods and services that meet the reasonable expectations of the Group's customers. The Group provides customers with effective mechanism to lodge complaints and manage such complaints with due care. Besides, the Group respects the confidentiality of the Group's customers and their commercial information. The Group does not disclose such information to protect their privacy.

There was no non-compliance with relevant laws and regulations relating to health, safety, advertising, bid-rigging and privacy matters relating to products and services provided and methods of redress noted for the year ended 31 May 2017 (2016: Nil).

Anti-corruption

i. The Group refuses bribery, corruption, extortion and money laundering activities. Employees shall report any misconduct to their manager.

ii. The Shares are listed on the GEM of the Stock Exchange and the Company has strict guidelines for directors and senior management for any disclosure of conflict of interest. Besides, directors or senior management are required to take certain hours of training each year.

There was no non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering noted for the year ended 31 May 2017 (2016: Nil).

Community

Community Investment

i. Social responsibility is one of the Group's cultures. The Group is committed to striving for the betterment of society and hold strongly the belief that a business organisation should not detach itself from its social responsibility.

ii. The Group has made in kind food donation to charitable organisations Food Angel by Bo Charity Foundation during the year ended 31 May 2017 (2016: Nil).

Report of the Board of Directors

The Directors are pleased to present their report together with the audited consolidated financial statements of the Company for the year ended 31 May 2017.

CORPORATE REORGANISATION AND SHARE OFFER

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 4 November 2016.

The Shares have been listed on the GEM of the Stock Exchange by way of the Share Offer since 14 June 2017.

In connection with the Listing, the companies comprising the Group underwent a reorganisation (the "Reorganisation"). Pursuant to the Reorganisation, the Company became the holding company of the other members of the Group on 24 November 2016. Further details of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure" of the Prospectus.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 28 to the audited consolidated financial statements. The Group is principally engaged in the provision of visual display solution services for concerts and events in Hong Kong, Macau, the People's Republic of China (the "PRC") and Taiwan.

RESULTS AND DIVIDENDS

The financial performance of the Group for the year ended 31 May 2017 and the financial position of the Group as at that date are set out in the audited consolidated financial statements on pages 50 to 52.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 May 2017.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last three years is set out on page 100 of this report.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The significant investments of the Group is set out in page 12 of this annual report. Except for those included in the section headed "Statement of Business Objectives and Use of Proceeds" for inclusion in the Prospectus, the Group had no definite future plans for material investments and capital assets.

USE OF PROCEEDS AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Details of the use of proceeds and comparison of business objectives with actual business progress are set out in the section headed "Management Discussion and Analysis" on page 12 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 May 2017 are set out in note 15 to the audited consolidated financial statements.

BANK BORROWINGS

Particulars of bank borrowings of the Group at 31 May 2017 are set out in note 24 to the audited consolidated financial statements.

INTEREST CAPITALISED

The Group has not capitalised any interest during the year ended 31 May 2017.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 May 2017 are set out in note 19 to the audited consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year ended 31 May 2017 are set out in the consolidated statement of changes in equity in note 20 to the audited consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

As at 31 May 2017, the Company did not have any reserves available for distribution as calculated in accordance with the relevant provisions of the Companies Ordinance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Since the Listing took place subsequent to the year ended 31 May 2017, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase, cancel or sell any of such listed securities for the year ended 31 May 2017.

DIRECTORS

The Directors of the Company during the year ended 31 May 2017 and up to the date of this report were as follows:

Executive Directors

Mr. Yeung Ho Ting Dennis (appointed as director on 4 November 2016 and redesignated as executive director and appointed as chairman of the Board and chief executive officer on 10 November 2016)
Mr. Tam Chun Yu (appointed on 10 November 2016)

Non-executive Director

Mr. Law Wang Chak Waltery (appointed on 10 November 2016)

Independent Non-Executive Directors

Mr. Li Kai Sing (appointed on 19 May 2017)
Mr. Ma Tsz Chun (appointed on 19 May 2017)
Ms. Loh Lai Ping Phillis (appointed on 19 May 2017)

Pursuant to article 108(a) of the Articles, at each annual general meeting, at least one-third of the Directors shall be subject to retirement by rotation at least once every three years. A retiring Director Shall be eligible for re-election.

Confirmation of Independence

Each independent non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

(a) Executive Directors

Each of the executive Directors entered into a service contract with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than one month's notice served by either party on the other. The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles.

(b) Non-executive Director and independent non-executive Directors

Each of the non-executive Director and independent non-executive Directors signed a letter of appointment with the Company for a term of three years commencing from the Listing Date, which may be terminated by not less than one month's notice served by either party on the other. The term of service of a Director is subject to the provisions on retirement by rotation of Directors as set out in the Articles.

Save as disclosed above, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the Company or its subsidiaries, as applicable within one year without payment of compensation other than statutory compensation).

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The emolument of the Directors is recommended by the Remuneration Committee by reference to the benchmarking of the market. The Company also looks into individual Director's competence, duties, responsibilities, performance.

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 10 and 35 to the audited consolidated financial statements.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 41 to 44 of this report.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in this annual report, none of the Directors or an entity connected with any of them had any material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance in relation to the business of the Group to which the Company or any of its subsidiaries, parent company or subsidiaries of the parent company was a party and subsisting at any time during or at the end of the year ended 31 May 2017.

As at 31 May 2017, no contract of significance had been entered into between the Company, or any of its subsidiaries and the controlling shareholders of the Company or any of their subsidiaries.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in this report, at no time during the year ended 31 May 2017 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its specified undertakings as defined in the Companies (Directors' Report) Regulation or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

As at 31 May 2017, the Company did not enter into or have any management and/or administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the Listing Date and up to the date of this report, the Directors are not aware of any business and interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interests which any such person has or may have with the Group from the Listing Date to the date of this report.

COMPLIANCE OF NON-COMPETITION UNDERTAKINGS

Mr. Yeung Ho Ting Dennis, Mr. Chang Yu-shu, UCP Co., Ltd, Ms. Ching Hsiang-yun and Next Vision (the "Controlling Shareholders") entered into a deed of non-competition dated 22 May 2017 ("Deed of Non-Competition") in favour of the Company (for itself and each of its subsidiaries), pursuant to which each of the Controlling Shareholders has, unconditionally and irrevocably, undertaken to the Company in the Deed of Non-Competition that he/she/it will not, and will procure his/her/its close associates (other than members of the Group) not to, for himself/herself/itself or jointly with or acting for any other person, firm or company as shareholder(s), director(s), partner(s), agent(s), employee(s) or otherwise, and whether or not for profit, remuneration or other purpose, directly or indirectly be involved or engaged in or undertake any business (other than the business of the Group) that directly or indirectly competes, or may compete, with the Group's business or undertaking (the "Restricted Activity"), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by the Group from time to time except where the Controlling Shareholders and/or his/her/its close associates hold less than 5% of the total issued shares of any company (whose shares are listed on the Stock Exchange or other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of the Group and they do not control 10% or more of the composition of the board of directors of such company.

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

For further details of the Deed of Non-Competition, please refer to the section headed "Relationship with Controlling Shareholders — Non-Competition Undertakings" in the Prospectus.

Each of the Controlling Shareholders has confirmed to the Company of his/her/its compliance with the Deed of Non-Competition from the Listing Date up to the date of this report. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied by each of the Controlling Shareholders from the Listing Date to the date of this report.

DISCLOSURE OF DIRECTORS' INTERESTS

(a) Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations

As the Company was not listed on the Stock Exchange as at 31 May 2017, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("SFO") and section 352 of the SFO were not applicable to the Directors or chief executive of the Company as at 31 May 2017.

As at the date of this report, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered into the register required to be kept therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in the Company

Name of Director	Capacity/Nature of interest	Number of Shares (Note 1)	Percentage of shareholding
Mr. Yeung Ho Ting Dennis	Interest in a controlled corporation (Note 2)	600,000,000 (L)	75.0%

Notes:

1. The letter "L" denotes the person's long position in the Shares.

2. Next Vision was beneficially owned by Mr. Yeung Ho Ting Dennis as to 75%. By virtue of the SFO, Mr. Yeung Ho Ting Dennis was deemed to be interested in the Shares held by Next Vision.

(ii) Interest in associated corporation of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares (Note 1)	Percentage of shareholding
Mr. Yeung Ho Ting Dennis	Next Vision (Note 2)	Beneficial owner	7,500 (L)	75%

Notes:

1. The letter "L" denotes the person's long position in the Shares.

2. Next Vision held 75% of issued Shares and was therefore a holding company of the Company.

Save as disclosed above, as at the date of this report, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part V of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered into the register required to be kept therein; or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

(b) Interests and short positions of the substantial shareholders and other persons in the shares and underlying shares of the Company

As the Company was not listed on the Stock Exchange as at 31 May 2017, Divisions 2 and 3 of Part XV of the SFO and section 352 of the SFO were not applicable to the substantial shareholders and other persons of the Company as at 31 May 2017.

As at the date of this report, so far as it is known to the Directors, the following persons (not being a Director or chief executive of the Company) had or were deemed to have interests or short positions in Shares or underlying Shares which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of shareholder	Capacity/Nature of interest	Number of Shares held/ Interested (Note 1)	Percentage of shareholding
Next Vision (Note 2)	Beneficial owner	600,000,000 (L)	75.0%

Notes:

1. The letter "L" denotes the person's long position in the Shares.

2. Next Vision was beneficially owned by Mr. Yeung Ho Ting Dennis as to 75%. By virtue of the SFO, Mr. Yeung Ho Ting Dennis was deemed to be interested in the Shares held by Next Vision.

Save as disclosed above, as at the date of this report, the Directors have not been notified by any person who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The then sole shareholder of the Company conditionally adopted on 19 May 2017 the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out as follows:

1. Purpose of the Share Option Scheme

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 23 of the Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants (as defined below) an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants (as defined below) to optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants (as defined below) whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Share Option Scheme

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new Shares as the Board may determine: (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and (iii) any advisers, consultants, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

3. Total number of Shares available for issue under the Share Option Scheme and percentage of issued Shares

As at the Latest Practicable Date, no share option has been granted under the Share Option Scheme. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 80,000,000 Shares, representing 10% of the total number of Shares in issue as at the Latest Practicable Date.

4. Maximum entitlement of each participant under the Share Option Scheme

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to: (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 23.02(2)(d) and the disclaimer required under 23.02(4) of the GEM Listing Rules; and (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a core connected person) abstaining from voting.

5. The period within which the Shares must be exercised under the Share Option Scheme and performance target

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date upon which the option is deemed to be granted and accepted. A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

6. The minimum period for which an option must be held before it can be exercised

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

7. The basis of determining the exercise price

The exercise price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of: (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

8. The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

The grantee shall pay HK$1.00 to the Company by way of consideration for the grant on or before the relevant acceptance date of the option.

9. The remaining life of the Share Option Scheme

The Share Option Scheme, unless otherwise terminated or amended, will remain in force for a period of 10 years from the Adoption Date, i.e. 19 May 2017.

Since the adoption of the Share Option Scheme, no share options were granted, exercised or cancelled by the Company under the Share Option Scheme. There were no outstanding share options under the Share Option Scheme as at the date of this report.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out in the sub-section headed "Share Option Scheme" above, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 May 2017.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Shenwan Hongyuan Capital (H.K.) Limited ("SWHY") to be the compliance adviser. As informed by SWHY, neither SWHY nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser agreement dated 26 May 2017 entered into between the Company and SWHY (the "Compliance Adviser Agreement")) as at 31 May 2017.

Pursuant to the Compliance Adviser Agreement, SWHY has received and will receive fees for acting as the Company's compliance adviser.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Directors are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 May 2017, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 May 2017, the aggregate amount of turnover attributed to the Group's largest and the five largest customers accounted for approximately 40.6% and 74.8% (2016: 36.8% and 79.7%) of the total revenue of the Group, respectively. For the year ended 31 May 2017, the Group's purchase from the largest and the five largest suppliers of equipment accounted for approximately 64.1% and 87.6% (2016: 23.5% and 75.2%) of the total purchases of the Group, respectively. At no time during the year ended 31 May 2017 did the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors, owns more than 5% of the Company's issued share capital) have any interest in the Group's major customers or suppliers as disclosed above.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 May 2017, the Group did not enter into any transactions which need to be disclosed as connected transactions or continuing connected transactions pursuant to Chapter 20 of the GEM Listing Rules.

Details of the material related party transactions are set out in note 25 to the audited consolidated financial statements of this report. These related party transactions did not constitute connected transactions or continuing connected transactions pursuant to Chapter 20 of the GEM Listing Rules.

Remuneration to key management personnel of the Group, including Directors described in notes 10 to the Group's audited consolidated financial statements are continuing connected transactions exempt from the connected transaction requirements under Rule 20.93 of the GEM Listing Rules. Balances with related parties described in note 25 to the Group's audited consolidated financial statements have been repaid before Listing on 14 June 2017.

CORPORATE GOVERNANCE

The Company is firmly committed to maintaining and ensuring a high level of corporate governance standards and will review and improve the corporate governance practices and standards constantly. Except for the deviation from code provision A.2.1 of the CG Code, the Company has complied with the code provisions set out in the CG Code contained in Appendix 15 to the GEM Listing Rules from the Listing Date up to the date of this report. Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yeung Ho Ting Dennis is the chairman and the chief executive officer of the Company. In view of Mr. Yeung's role in day-to-day operations and management of the Group since April 2009, the Board believes that it is in the best interest of the Group to have Mr. Yeung taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance and the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 13 to 23 of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained a sufficient public float as required under the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive or similar rights under the laws of Caymans Islands or the Articles which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

PERMITTED INDEMNITY PROVISION

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), every Director is entitled under the Company's Articles of Association to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as he or she shall incur or sustain through their own fraud or dishonesty.

Since the Shares were not listed until 14 June 2017, the Company did not maintain a directors and officers liability insurance during the year ended 31 May 2017. To the extent as permitted by the Companies Ordinance, a directors' liability insurance is currently in place to protect the Directors against potential costs and liabilities arising from claims brought against the Directors.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 May 2017, the Group had 82 employees in Hong Kong (2016: 31 employees in Hong Kong). The remuneration package the Group offered to the Group's employees includes salary, bonuses and other cash subsidies. In general, the Group determines employees' salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of the Group's employees, which forms the basis of the Group's decisions with respect to salary raises, bonuses and promotions.

RELATIONSHIP WITH STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its key stakeholders, including its employees, customers and suppliers, to meet its immediate and long-term business goals. During the year ended 31 May 2017, there were no material and significant disputes between the Group and its employees, customers and suppliers.

The Group recognises employees as one of its valuable assets and strictly complies with the labour laws and regulations and reviews regularly the existing staff benefits for improvement. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as medical insurance. The Group provides good quality services to its customers and keeps a database for direct communications with recurring customers for developing a long-term trusted relationship. The Group also maintains effective communication and develops a long-term business relationship with the suppliers.

BUSINESS REVIEW

A fair review of the business of the Company as well as a discussion and analysis of the Group's performance during the year ended 31 May 2017 and the material factors underlying its results and financial position can be found in the management discussion and analysis set out on pages 5 to 12 of this annual report. These discussions form part of this report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The environmental, social and governance report, which forms part of this report, is set out on pages 24 to 27 of this annual report.

ANNUAL GENERAL MEETING

The first annual general meeting ("AGM") of the Company will be held on 7 November 2017, the notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the GEM Listing Rules and other applicable laws and regulations.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain entitlements to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from 2 November 2017 to 7 November 2017, both days inclusive, during which period no transfer of Shares will be registered.

Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 1 November 2017.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 May 2017 and up to the date of approval of this report.

AUDITOR

The consolidated financial statements for the year ended 31 May 2017 have been audited by PricewaterhouseCoopers, who shall retire at the forthcoming annual general meeting and, being eligible, offered themselves for re-appointment.

By order of the Board
In Technical Productions Holdings Limited
Yeung Ho Ting Dennis
Chairman

22 August 2017

Biographies of Board of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Yeung Ho Ting Dennis (楊浩廷), aged 44, was appointed as a Director on 4 November 2016 and was re-designated as an executive Director, chief executive officer and chairman of the Board on 10 November 2016. Mr. Yeung is also the founder, chief executive officer of the Group and a director of each of ITP (BVI), ITP (HK), and the executive director, general manager and legal representative of each of Shiji Tiansheng Cultural Communication (Shenzhen) Limited (世紀天盛文化傳播(深圳)有限公司) and Shanghai Yingtegao Stage Arts Limited (上海英特高舞台藝術有限公司). Mr. Yeung founded the Group in April 2009 and is primarily responsible for devising strategies to develop the Group and overseeing the business and financial performance of the Group. Throughout the years of serving the Group, Mr. Yeung led the Group to adopt a number of latest LED and projection technologies for creative applications for pop concerts, such as Mesh LED and transparent LED panels. Mr. Yeung has nearly 10 years of experience in video equipment rental and services. Prior to founding the Group, Mr. Yeung worked as a senior manager of I-MAG International Limited, a company which is principally engaged in video equipment rental business where he was responsible for customer accounts handling from April 2007 to May 2009. During the course of his promotion of video equipment rental service for I-MAG International Limited to its customers, Mr. Yeung acquired the relevant knowledge of the video equipment and visual display industry. From July 1999 to March 2007, Mr. Yeung worked in various companies and was responsible for sales of products and customer services.

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

Mr. Tam Chun Yu (譚震宇), aged 40, was appointed as an executive Director on 10 November 2016. Mr. Tam joined the Group as an operation manager in June 2009 and is primarily responsible for planning, organising, coordinating and implementing visual display solutions of the Group. Mr. Tam has over 14 years of experience in video equipment rental and visual display solutions. Prior to joining the Group, Mr. Tam worked as a technician of I-MAG International Limited from April 2007 to June 2009 and Cosmo Pro AV Co. from February 2002 to February 2006. Mr. Tam attended his secondary school education in Hong Kong from September 1990 to August 1993.

NON-EXECUTIVE DIRECTORS

Mr. Law Wang Chak, Waltery (羅宏澤), aged 54, was appointed as an non-executive director on 10 November 2016. Mr. Law is currently an executive partner of Profundas Capital Limited, a private equity and investment advisory firm. He has over 29 years of experience in financial audit, financial due diligence reviews, mergers and acquisitions, corporate restructuring, accounting and corporate finance advisory.

Since September 2014, Mr. Law has been an independent non-executive director, chairman of the audit committee, and a member both of the remuneration committee and the nomination committee of Orient Victory China Holdings Limited, a company listed on the Stock Exchange (stock code: 0265). Since April 2015, Mr. Law has been an independent non-executive director, chairman of the audit Committee, and a member of the remuneration committee of D&G Technology Holding Company Limited, a company listed on the Stock Exchange (stock code: 1301).

Previously, Mr. Law served as the chief financial officer and non-executive director of Nine Dragons Paper (Holdings) Limited , a company listed on the Stock Exchange (stock code: 2689), from June 2004 to July 2008 and from August 2008 to October 2008, respectively. Mr. Law also served in different key roles such as chief financial officer and vice president of the finance department in four other companies between December 1992 and May 2004, all of which were listed on Main Board of the Stock Exchange at the relevant time. Mr. Law worked in the audit division of Coopers & Lybrand (now known as PricewaterhouseCoopers) between August 1987 and November 1992.

Mr. Law was admitted as a fellow of both the Chartered Certified Accountants (formerly known as Chartered Association of Certified Accountants) in the United Kingdom in October 1995 and the Hong Kong Society of Accountants (currently known as Hong Kong Institute of Certified Public Accountants) in February 1998. Mr. Law was registered as a Certified Public Accountant (Practising) with the Hong Kong Institute of Certified Public Accountants ("HKICPA") in May 2017. Mr. Law was also admitted as a fellow of the Institute of Chartered Accountants in England and Wales in July 2017.

Mr. Law graduated from the London School of Economics and Political Science, the University of London with a bachelor's degree in economics in August 1991 and a master's degree in financial economics in December 1995.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Kai Sing (李啟承), aged 55, was appointed as an independent non-executive Director on 19 May 2017 and the chairperson of the audit committee and a member of the remuneration committee and nomination committee of the Company on 19 May 2017. Mr. Li has over 15 years of experience in accounting and finance matters. Mr. Li has been an executive director of Focus Films Limited since September 2003. Mr. Li was the Chief Financial Officer of Team Work Corporation Limited from August 2000 to September 2003, the financial controller of China Star Entertainment Limited (stock code: 0326) from June 1999 to July 2000, an executive director of Interform Ceramics Technologies Limited (now known as Alibaba Pictures Group Limited) (stock code: 1060) from October 1995 to March 1999, and a vice president, finance of Leading Spirit (Holdings) Company Limited (subsequently known as Leading Spirit High-Tech (Holdings) Company Limited) (Hong Kong stock code: 0606) from July 1992 to December 1993, the shares of which are listed on the Stock Exchange.

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

Mr. Ma Tsz Chun (馬時俊), aged 52, was appointed as an independent non-executive Director on 19 May 2017 and the chairperson of the remuneration committee and a member of the audit committee and nomination committee of the Company on 19 May 2017. Mr. Ma has over 29 years of experience in accounting and finance matters. Mr. Ma has been a director of Andrew & Associates CPA Limited since November 2014, a director of Sino-Bridge China Consulting Ltd since October 2004 and an independent non-executive director of Chinese Estates Holdings Limited (stock code: 0127), the shares of which are listed on the Stock Exchange, since November 2008.

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

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

Ms. Loh Lai Ping, Phillis (羅麗萍), aged 52, was appointed as an independent non-executive Director on 19 May 2017 and a member of the audit committee and remuneration committee of the Company on 19 May 2017. Ms. Loh has accumulated extensive experience in the legal field since 1988. From September 1988 to July 1993, Ms. Loh served as a trainee solicitor initially and then a solicitor in Johnson Stokes & Master, a law firm, where she was responsible for various legal matters including litigation. Since January 1998, she has been a barrister responsible for litigation work. Ms. Loh has been an independent non-executive director of Chinese Estates Holdings Limited (stock code: 0127), the shares of which are listed on the Stock Exchange, since January 2006 and was an independent non-executive director of The Kwong Sang Hong International Limited (Former stock code: 0189), the shares of which were listed on the Stock Exchange for the period from April 2003 to February 2005.

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

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

SENIOR MANAGEMENT

Ms. Ng Tsz Ning Loretta (吳紫鈴), aged 45, is an accountant of the Group. Ms. Ng joined the Group in June 2015 and is primarily responsible for overseeing the day-to-day operation of financial activities of the Group. Ms. Ng has over 23 years of experience in accounting and finance. Prior to joining the Group, Ms. Ng was an accounting supervisor of ASB Biodiesel (HK) Limited from March 2014 to June 2015, an accountant of Team Success (Pacific) Limited from February 2012 to November 2013, an accounting manager of Jiawei Solarchina Company Limited from April 2011 to September 2011, an assistant accounting manager of Saraya Hong Kong Co. Ltd. from March 2010 to February 2011, an accounting manager of New Ocean Technology Limited from March 2003 to December 2009 and an accounting and administration manager of VK Holdings (HK) Limited from February 2000 to February 2003.

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

Mr. Lau Kai Chu Kevin (劉佳柱), aged 44, is the internal audit manager of the Group. Mr. Lau joined the Group in October 2016 and is primarily responsible for company policy setting, performing internal audit, and monitoring internal control of operation. Mr. Lau has over 20 years of experience in accounting and internal audit. Prior to joining the Group, Mr. Lau was a director of JR Corporate Services Limited from July 2013 to September 2016. He also worked in CCT Telecom (HK) Limited from April 2012 to December 2012, last served as an internal audit manager. He was also a regional manager, control and compliance of J.V. Fitness Limited from October 2008 to October 2010 and an internal auditor of Michel of HK from December 2006 to October 2008.

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

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

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

Mr. Pei Mingzhong (裴明忠), aged 34, is the deputy general manager of Shenzhen Shiji Tiansheng Technology Limited (深圳市世紀天盛科技有限公司). Mr. Pei joined the Group in June 2013 and is primarily responsible for equipment development and maintenance. Mr. Pei has over eight years of experience in visual equipment development. Prior to joining the Group, Mr. Pei was a technical director of research and development department of Shenzhen Zhongxiang Innovation Optoelectronics Limited (深圳中祥創新光電有限公司) from December 2012 to June 2013 and a manager of research and development department of Shenzhen Broad Horizon Optoelectronics Limited (深圳大眼界光電科技有限公司) from August 2008 to December 2012.

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

COMPANY SECRETARY

Ms. Leung Yin Fai (梁燕輝), aged 52, was appointed as the Group's company secretary on 10 November 2016. Ms. Leung has been a director of K E Corporate Services Limited (a company secretarial services provider) since April 2016, the managing director of K E Management & Consultancy (Shanghai) Co., Ltd. since August 2015 and an independent non-executive director of North Asia Resources Holdings Limited (Hong Kong Stock Code: 0061) since April 2014. Ms. Leung was a director of KCS Hong Kong Limited from August 2008 to October 2014.

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

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

Independent Auditor's Report

羅兵咸永道

To the Shareholders of In Technical Productions Holdings Limited
(incorporated in Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of In Technical Productions Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 50 to 99, which comprise:

- the consolidated statement of financial position as at 31 May 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 May 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is related to estimated useful lives of visual display equipment:

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimated useful lives of visual display equipment: Refer to Note 3.5 in the summary of significant accounting policies, Note 5(a) in the critical accounting estimates and judgements and Note 15 to the consolidated financial statements for related disclosure. As at 31 May 2017, the Group held visual display equipment of approximately HK$64.0 million. For the year ended 31 May 2017, depreciation expense of approximately HK$10.8 million was recognised. Depreciation of visual display equipment is calculated using a straight-line method to allocate the cost over their estimated useful lives of 8 years, except for those equipment which are custom made for a particular project or event, their cost is depreciated over the duration of the project or event. Management estimates useful lives of the non-custom made visual display equipment with reference to the durability, expected repairs and maintenance and future demand of the equipment. Management also takes into account the industry practice and expectation on technical or commercial obsolescence arising from changes or improvements in the market relevant to their business. We focused on this area because the carrying amount of visual display equipment is significant to the consolidated financial statements and the determination of estimated useful lives of visual display equipment, which has a direct impact on the calculation of depreciation expense, requires the use of significant judgements and estimates.	Our procedures in relation to management's estimated useful lives of the non-custom made visual display equipment included: — We assessed the reasonableness of the useful lives adopted by the Group by making reference to independent research report on durability, expected repairs and maintenance and future demand of visual display equipment; — We tested on a sample basis, whether additions to visual display equipment have been recorded in proper categories for the calculation of depreciation; and — We observed the Group's physical count procedures on visual display equipment and the physical condition of the relevant assets to identify whether there is any damaged or obsolete visual display equipment. Based on the procedures described, we found the estimated useful lives of the non-custom made visual display equipment were supportable by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chu Wang Hay.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 August 2017

Consolidated Statement of Comprehensive Income

For the year ended 31 May 2017

	Note	Year ended 31 May 2017 HK$	2016 HK$
Revenue	7	**66,819,774**	40,805,200
Cost of services	9	**(32,907,420)**	(22,842,354)
Gross profit		**33,912,354**	17,962,846
Other income	7	**371,291**	53,221
Other gains, net	8	**146,625**	302,784
Administrative expenses	9		
— Professional service fees in respect of listing preparation		**(17,597,478)**	—
— Others		**(12,107,410)**	(8,667,142)
Operating profit		**4,725,382**	9,651,709
Finance income	11	**3,966**	523
Finance costs	11	**(1,794,076)**	(1,069,213)
Finance costs, net	11	**(1,790,110)**	(1,068,690)
Profit before income tax		**2,935,272**	8,583,019
Income tax expense	12	**(3,597,815)**	(1,654,959)
(Loss)/profit for the year		**(662,543)**	6,928,060
Attributable to:			
— Owners of the Company		**(443,192)**	7,058,939
— Non-controlling interests		**(219,351)**	(130,879)
		(662,543)	6,928,060
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss			
— Exchange difference on translation of foreign operations		**88,559**	74,076
Total comprehensive (loss)/income for the year		**(573,984)**	7,002,136
Attributable to:			
— Owners of the Company		**(349,803)**	7,118,167
— Non-controlling interests	14	**(224,181)**	(116,031)
		(573,984)	7,002,136
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company during the year			
— Basic and diluted (HK cents)	13	**(0.07)**	1.18

The notes on pages 56 to 99 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 May 2017

	Note	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Assets			
Non-current assets			
Property, plant and equipment	15	64,707,391	39,783,517
Deposits	17	233,246	778,045
		64,940,637	40,561,562
Current assets			
Trade receivables	17	5,790,537	6,712,321
Prepayments, deposits and other receivables	17	12,003,712	879,800
Amount due from the immediate holding company	25	45,440	—
Amount due from a director	25	—	5,680,215
Pledged short-term bank deposits	18	2,994,836	—
Cash and cash equivalents	18	17,008,419	2,585,355
		37,842,944	15,857,691
Total assets		102,783,581	56,419,253
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital	19	—	—
Reserves		24,916,565	24,502,624
		24,916,565	24,502,624
Non-controlling interests		(303,493)	(79,312)
Total equity		24,613,072	24,423,312

Consolidated Statement of Financial Position (Continued)

As at 31 May 2017

	Note	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Liabilities			
Non-current liabilities			
Deferred tax liabilities	26	6,231,810	3,390,686
Obligations under finance leases	21	290,000	410,000
Other payables	22	8,220,053	—
Shareholder's loan	23	14,268,128	—
		29,009,991	3,800,686
Current liabilities			
Other payables and accrued liabilities	22	27,975,134	10,250,160
Amount due to a director	25	—	1,115,397
Bank borrowings	24	18,886,885	15,222,312
Obligations under finance leases	21	240,225	305,803
Taxation payable		2,058,274	1,301,583
		49,160,518	28,195,255
Total liabilities		78,170,509	31,995,941
Total equity and liabilities		102,783,581	56,419,253

The consolidated financial statements on page 50 to 99 were approved by the Board of Director on 22 August 2017 and were signed on its behalf.

Yeung Ho Ting Dennis
Director

Law Wang Chak Waltery
Director

Consolidated Statement of Changes in Equity

For the year ended 31 May 2017

	Attributable to owners of the Company						
	Share capital (Note 19)	**Capital reserve (Note 20)**	**Exchange reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Balance at 1 June 2015	—	10,000	11,568	17,362,889	17,384,457	36,719	17,421,176
Profit/(loss) for the year	—	—	—	7,058,939	7,058,939	(130,879)	6,928,060
Other comprehensive income:							
— Exchange difference on translation of foreign operations	—	—	59,228	—	59,228	14,848	74,076
Total comprehensive income/(loss)	—	—	59,228	7,058,939	7,118,167	(116,031)	7,002,136
Balance at 31 May 2016	—	10,000	70,796	24,421,828	24,502,624	(79,312)	24,423,312
Balance at 1 June 2016	**—**	**10,000**	**70,796**	**24,421,828**	**24,502,624**	**(79,312)**	**24,423,312**
Loss for the year	**—**	**—**	**—**	**(443,192)**	**(443,192)**	**(219,351)**	**(662,543)**
Other comprehensive income/(loss):							
— Exchange difference on translation of foreign operations	**—**	**—**	**93,389**	**—**	**93,389**	**(4,830)**	**88,559**
Total comprehensive income/(loss)	**—**	**—**	**93,389**	**(443,192)**	**(349,803)**	**(224,181)**	**(573,984)**
Transaction with owners:							
— Difference between the fair value of the shareholder's loan and the amount received (Note 23)	**—**	**763,744**	**—**	**—**	**763,744**	**—**	**763,744**
Balance at 31 May 2017	**—**	**773,744**	**164,185**	**23,978,636**	**24,916,565**	**(303,493)**	**24,613,072**

The notes on pages 56 to 99 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 May 2017

	Note	Year ended 31 May 2017 HK$	2016 HK$
Cash flows from operating activities			
Operating profit		**4,725,382**	9,651,709
Adjustments for:			
Depreciation		**11,484,774**	7,563,618
Write-off of property, plant and equipment		**—**	46,927
Gain on investment in insurance contract		**—**	(46,195)
Gain on disposal of property, plant and equipment		**—**	(85,000)
Operating profit before working capital changes		**16,210,156**	17,131,059
Changes in working capital:			
Trade receivables		**925,584**	(3,069,038)
Prepayments, deposits and other receivables		**(6,198,162)**	3,440,967
Other payables and accrued liabilities		**18,302,621**	(3,690,687)
Cash generated from operations		**29,240,199**	13,812,301
Hong Kong profits tax paid		**—**	(733,883)
Net cash generated from operating activities		**29,240,199**	13,078,418
Cash flows from investing activities			
Interest received		**3,966**	523
Repayment from/(advance to) a director		**5,688,046**	(349,879)
Payments for acquisition of property, plant and equipment (Note)		**(28,543,689)**	(12,205,641)
Surrender of an insurance contract		**—**	1,912,216
Proceeds from disposal of property, plant and equipment		**—**	85,000
Advance to the immediate holding company		**(45,440)**	—
Net cash used in investing activities		**(22,897,117)**	(10,557,781)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 May 2017

	Note	2017 HK$	2016 HK$
		Year ended 31 May	
Cash flows from financing activities			
Proceeds from bank borrowings		**10,000,000**	6,400,000
Repayment of bank borrowings		**(6,335,427)**	(6,750,116)
(Repayment to)/advance from a director		**(1,115,397)**	684,476
Proceed from a shareholder's loan		**14,650,000**	—
Repayments of capital element of the finance leases		**(185,578)**	(158,077)
Bank loan interest paid		**(1,001,367)**	(1,045,744)
Increase in pledged short-term bank deposits		**(2,994,836)**	—
Payment of listing expenses		**(4,905,376)**	—
Finance charges on obligations under finance leases		**(24,842)**	(23,469)
Net cash generated from/(used in) financing activities		**8,087,177**	(892,930)
Net increase in cash and cash equivalents		**14,430,259**	1,627,707
Effect of foreign exchange rate changes		**(7,195)**	(49,126)
Cash and cash equivalents at beginning of the year		**2,585,355**	1,006,774
Cash and cash equivalents at end of the year	18	**17,008,419**	2,585,355

Note: During the year ended 31 May 2016, the Group acquired property, plant and equipment amounting to HK$600,000 under finance leases which represented a non-cash transaction.

In addition, during the year ended 31 May 2017, the Group also acquired certain property, plant and equipment amounting to HK$23,310,000 (Note 15). The Group settled HK$9,561,569 during the year ended 31 May 2017 and the remaining balance of HK$13,748,431 will be settled in 32 instalments until year 2020, which represented a non-cash transaction.

The notes on pages 56 to 99 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION AND REORGANISATION

1.1 Corporate information

In Technical Productions Holdings Limited (the "Company") was incorporated in the Cayman Islands on 4 November 2016 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time. The address of its registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1008 Cayman Islands.

The Company is an investment holding company. The Company and the companies now comprising the Group (together the "Group") are principally engaged in the provision of visual display solution services for concerts and events in Hong Kong, Macau, the People's Republic of China (the "PRC") and Taiwan (the "Business"). Prior to the incorporation of the Company, the Business was conducted by In Technical Productions Limited ("ITP (HK)") and its subsidiaries. ITP (HK) was owned by Mr. Yeung Ho Ting Dennis ("Mr. Yeung"), Mr. Chang Yu-shu ("Mr. Chang") and UCP Co., Ltd. ("UCP") as to 75%, 15% and 10%.

The Company's shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 June 2017 (the "Listing").

The consolidated financial statements is presented in Hong Kong dollars ("HK$"), unless otherwise stated.

1.2 Reorganisation

In preparation for the initial public offering ("IPO") and the Listing, the Company underwent a reorganisation (the "Reorganisation") of the corporate structure of the companies now comprising the Group. The major steps undertaken to effect the Reorganisation are as follows:

(a) On 4 November 2016, the Company was incorporated in the Cayman Islands as the holding company of the Group. Upon incorporation, one share of HK$0.01, representing the entire issued share capital of the Company, was allotted and issued to Next Vision Management Limited ("Next Vision"), a company owned by Mr. Yeung, Mr. Chang and UCP as to 75%, 15% and 10%.

(b) In Technical Productions (B.V.I.) Limited ("ITP (BVI)") was incorporated in the British Virgin Islands ("BVI") on 9 November 2016 as the intermediate holding company of the Group. Upon incorporation, one share of US$1.00, representing the entire issued share capital of ITP (BVI), was allotted and issued to the Company.

(c) On 24 November 2016, ITP (BVI) acquired 75%, 15% and 10% of the issued share capital of ITP (HK) from Mr. Yeung, Mr. Chang and UCP at a consideration of HK$24,531,855.38, HK$4,906,371.08 and HK$3,270,914.05, respectively. Such consideration was satisfied by allotting and issuing 74 shares, 15 shares and 10 shares in ITP (BVI) to the Company, as directed by Mr. Yeung, Mr. Chang and UCP, respectively, on 24 November 2016. Upon completion of the acquisition, ITP (HK) became a wholly owned subsidiary of ITP (BVI).

Upon the completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group.

2 BASIS OF PRESENTATION

Immediately prior to and after the Reorganisation, the Business had been and continues to be conducted through companies managed and controlled by Mr. Yeung. The Company has not been involved in any business prior to the Reorganisation. The Reorganisation is merely a reorganisation of the Business with no change in management and the controlling shareholders. The Group established resulting from the Reorganisation is regarded as a continuation of the Business and under common control of Mr. Yeung before and after the Reorganisation.

Accordingly, the consolidated consolidated financial statements of the Company is prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 10, "Consolidated Financial Statements", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), by using the carrying values of the Business for all periods presented, or since the respective dates of incorporation of the subsidiaries within the Group, whichever is the later.

Intercompany transactions, balances and unrealised profits or losses on transactions between group companies are eliminated on consolidation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance (Cap 622). The consolidated financial statements have been prepared under the historical cost convention, except that investment in an insurance contract is stated at its cash surrender value.

As at 31 May 2017, the Group's current liabilities exceeded its current assets by approximately HK$11,318,000. Included in current liabilities were bank borrowings of approximately HK$12,289,000 which are due for repayment after one year but have been classified as current liabilities as they are subject to a repayable on demand clause as at 31 May 2017. Upon the completion of the Listing after payment of Listing expenses, the Group had raised net Listing proceeds of approximately HK$34,451,000 from the issuance of ordinary shares.

Management has prepared cash flow projections which cover a period of twelve months from the balance sheet date. Based on the Group's cash flow projections and taking into account the proceeds raised from the Listing and the continued availability of banking facilities, the directors are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 May 2017. The directors believe that the Group will continue as a going concern and accordingly have prepared the consolidated financial statements on a going concern basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of preparation (Continued)

(i) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 June 2016:

HKAS 1 (Amendment)	Disclosure initiative
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation
Annual Improvements Project	Annual improvements 2012–2014 Cycle

The adoption of these amendments did not have any impact on the financial statements for the current year.

(ii) New standards, amendments to existing standards and interpretations that have been issued but are not effective and have not been early adopted.

		Effective for annual periods beginning on or after
Amendment to HKAS 7	Disclosure initiative	1 January 2017
Amendment to HKAS 12	Recognition of deferred tax assets for unrealised losses	1 January 2017
HKFRS 2 (Amendment)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 4	Insurance contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

HKFRS 9 "Financial instruments" replaces the whole of HKAS 39. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of preparation (Continued)

HKFRS 9 also introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivable this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

For the years ended 31 May 2017 and 2016, all of the Group's financial assets and financial liabilities were carried at amortised cost without significant impairment on the former, the implementation of HKFRS 9 is not expected to result in any significant impact on the Group's financial position and results of operations.

HKFRS 15 "Revenue from Contracts with Customers" — This new standard replaces the previous revenue standards: HKAS 18 "Revenue" and HKAS 11 "Construction Contracts", and the related interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations; and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earning processes" to an "asset-liability" approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost, license arrangements and principal versus agent considerations. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The Group has performed a preliminary assessment of the potential impact of the application of HKFRS 15 and identified the key areas which might be accounted for differently under this new standard, including but not limited to the timing of revenue recognition and the accounting treatment of contract costs, and the impact is not expected to be material.

HKFRS 16 "Leases" — The Group is a lessee of offices and warehouses which are currently classified as operating leases. The Group's current accounting policy for such leases is set out in Note 3.14. As at 31 May 2017, the aggregated future lease payments of the Group under operating leases was HK$3,114,799. HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the statement of financial position. Instead, all long-term leases must be recognised in the form of assets (for the rights of use) and lease liabilities (for the payment obligations), both of which would carry initially at the discounted present value of the future operating lease commitments currently disclosed in Note 29(b). Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the statement of financial position. In profit or loss, rental expenses will be replaced with depreciation and interest expense. The implementation of HKFRS 16 is not expected to result in any significant impact on the Group's financial position and results of operations but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right of use of assets and lease liabilities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of preparation (Continued)

According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Group's financial position and results of operations upon adoption of the other new, amended and revised HKFRSs mentioned above other than changes on the disclosure.

3.2 Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transaction-that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposal to non-controlling interests are also recorded in equity.

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in HK$, which is the Company's functional currency and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

— all resulting exchange differences are recognised in other comprehensive income.

3.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company who make strategic decisions.

3.5 Property, plant and equipment

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

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

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

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

Visual display equipment is depreciated over a useful life of eight years, except for those which are custom made for a particular project/event. Such equipment is depreciated over the duration of the project/event.

The assets' useful lives are reviewed, and adjusted if appropriate, at each period end date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Property, plant and equipment (Continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.6).

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These are included in other gains, net in the statement of comprehensive income.

3.6 Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each period end date.

3.7 Financial assets

(i) Classification

The Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables, deposits and other receivables, amount due from a director, amount due from the immediate holding company and cash and bank balances in the statement of financial position.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

3.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Impairment of financial assets — assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

3.10 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks.

3.12 Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.14 Leases

(i) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

(ii) Finance leases

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payment.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is recognised in profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

3.15 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Borrowings and borrowing costs (Continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.16 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the period end date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the period end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Current and deferred income tax (Continued)

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Revenue from visual display solution services

Revenue from visual display solution services is recognized after each show or event of a project is performed.

(ii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(iii) Handling income

Handling income is recognised when the services are performed.

(iv) Equipment rental income

Equipment rental income is recognised on a straight-line basis over the term of the lease.

3.19 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the period end date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.19 Employee benefits (Continued)

(ii) Bonus plans

The Group recognizes a liability and an expense for bonuses, based on performance and taking into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iii) Pension obligation

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments or trustee administered funds. A defined contribution plan is a pension plan under which the Group pays contributions on mandatory, contractual or voluntary basis into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior periods. The Group's contributions to the defined contribution plans are expensed as incurred.

3.20 Investment in an insurance contract

The Group acquired a key management insurance contract, which includes both investment and insurance elements. The investment insurance contract is initially recognised at the amount of the premium paid and subsequently carried at the amount that could be realised under the insurance contract (cash surrender value) at end of each reporting period, with changes recognised in profit or loss.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: interest rate risk, foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

(a) Interest rate risk

Other than the bank balances, the Group has no other interest-bearing assets. The Group's bank balances earn interests at low interest rates which are not significant. Certain bank borrowings at floating rates expose the Group to cash flow interest rate risk.

At 31 May 2017 and 2016, if the interest rates on these loans had been 50 basis points higher/lower with all other variables held constant, the Group's finance costs would have been approximately HK$94,434 and HK$76,112, respectively, higher/lower.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Foreign exchange risk

The Group operates mainly in Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United states dollars ("US$") and Renminbi ("RMB"). Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities arc denominated in a currency that is not the group entities' functional currency.

In the opinion of the directors, US$ is reasonably stable with HK$ under the Linked Exchange Rate System, and accordingly, the Group considers the foreign exchange risk is low and no sensitivity analysis is performed relative to the US$.

At 31 May 2017 and 2016, if RMB had weakened/strengthened by 5% against HK$ with all other variables held constant, loss/profit for the years ended 31 May 2017 and 2016 would have been approximately HK$291,012 lower/higher and HK$272,065 higher/lower, respectively, mainly as a result of foreign exchange gains on translation of payables denominated in RMB.

(c) Credit risk

Credit risk mainly arises from cash and bank balances, trade and other receivables and deposits and balance due from the director. The carrying amounts of these balances in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets.

Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group maintains a credit policy for its customers and the credit terms given vary according to the business activities. The financial strength of and the length of business relationship with the customers, on an individual basis, are considered in arriving at the respective credit terms. Overdue balances are reviewed regularly by management.

The credit quality of the debtors is assessed based on the financial position of the debtors as well as past experience of the Group in dealing with respective debtors. The Group's historical experience in collection of deposits and receivables falls within recorded allowance and the directors are of the opinion that adequate provision for uncollectible receivable has been made.

Majority of the Group's bank balances are placed in those banks and financial institutions which are independently rated with a high credit rating. Management does not expect any losses from non-performance by these banks and financial institutions as they have no default history in the past. There is no concentration of credit risk as the Group's bank balances and deposits were mainly deposited in financial institutions with good credit ratings, and the Group has a large number of counterparties for receivables. Management does not expect any losses from non-performance by these financial institutions and counterparties.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. The Group's primary cash requirements have been for additions of machinery and equipment, and payment for purchases and operating expenses. The Group mainly finances its working capital requirements through internal resources, shareholder's loan and bank borrowings.

The Group monitors and maintains a level of cash and cash equivalents considered adequate by the directors to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The directors monitor the utilisation of bank borrowings to ensure adequate unutilised banking facilities and compliance with loan covenants.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the period end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Within 1 year/ repayable on demand HK$	Between 1 and 2 years HK$	Between 2 and 5 years HK$	Total HK$
At 31 May 2017				
Other payables and accrued liabilities	**28,791,568**	**5,128,200**	**3,496,500**	**37,416,268**
Bank borrowings (Note)	**18,886,885**	**—**	**—**	**18,886,885**
Obligations under finance leases (Note)	**273,270**	**135,000**	**191,250**	**599,520**
Shareholder's loan (Note 23)	**—**	**14,650,000**	**—**	**14,650,000**
	47,951,723	**19,913,200**	**3,687,750**	**71,552,673**
At 31 May 2016				
Other payables and accrued liabilities	10,250,160	—	—	10,250,160
Amount due to a director	1,115,397	—	—	1,115,397
Bank borrowings (Note)	15,222,312	—	—	15,222,312
Obligations under finance leases (Note)	348,690	135,000	326,250	809,940
	26,936,559	135,000	326,250	27,397,809

Note: The maturity analysis of the bank borrowings and obligations under finance leases is disclosed with reference to the agreed repayment schedules as set out in the relevant agreements, taking into account the clause of repayable on demand.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

Without taking into account the clause of repayment on demand, the maturity analysis of the bank borrowings and obligations under finance leases are analysed as follows:

	Within 1 year/ repayable on demand HK$	Between 1 and 2 years HK$	Between 2 and 5 years HK$	Total HK$
At 31 May 2017	**7,683,864**	**5,358,365**	**8,350,264**	**21,392,493**
At 31 May 2016	6,373,775	5,377,815	5,637,594	17,389,184

4.2 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of shareholders' equity and total borrowings. Capital is managed so as to maximise the return to shareholders while maintaining a capital base to allow the Group to operate effectively in the marketplace and sustain future development of the business. The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "obligations under finance leases", "shareholder's loan" and "current and non-current borrowings" as shown in the statement of financial position) less cash and bank balances. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

4 FINANCIAL RISK MANAGEMENT (Continued)

4.2 Capital Management (Continued)

The gearing ratios as at 31 May 2017 and 2016 are as follows:

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Total borrowings (Note 21, 23 and 24)	33,685,238	15,938,115
Less: cash and bank balances (Note 18)	(20,003,255)	(2,585,355)
Net debt	13,681,983	13,352,760
Total equity	24,613,072	24,423,312
Total capital	38,295,055	37,776,072
Gearing ratio	35.7%	35.3%

As at 31 May 2017, the gearing ratio increases slightly as increase in cash and bank balances was mainly resulted from an increase in bank borrowings and a shareholder's loan.

4.3 Fair value estimation

The carrying values less impairment provision of trade and other receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Useful lives of property, plant and equipment

Management determines the estimated useful lives, and related depreciation charge for its property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions, the durability, the expected repairs and maintenance and the future demand of equipment. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives. It will write off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore affect the depreciation charge in future periods.

(b) Impairment of non-financial assets

Non-financial assets including property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates. Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and the resulting future cash flow projections, it may be necessary to take an impairment charge to profit or loss.

(c) Impairment of receivables

Management determines the provision for impairment of receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its debtors and the current market condition, and requires the use of judgements and estimates. Management reassesses the provision at each period end date.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(d) Current and deferred taxation

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes. The Group recognises liabilities or anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

6 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. These reports are prepared on the same basis as these consolidated financial statements.

The chief operating decision-maker is identified as the executive directors of the Company. The executive directors review the Group's consolidated financial statements mainly from a single business perspective as the Group is mainly engaged in the provision of visual display solution services.

The Group's revenue is attributable to the following geographical markets:

	Year ended 31 May	
	2017	2016
	HK$	HK$
Hong Kong	**27,567,750**	20,596,938
PRC	**33,005,078**	10,668,312
Taiwan	**3,274,805**	6,274,950
Macau	**1,735,000**	3,250,000
Others	**1,237,141**	15,000
	66,819,774	40,805,200

6 SEGMENT INFORMATION (Continued)

Geographically, total assets and capital expenditures are allocated based on where the assets are located. The location of the Group's total assets and non-current assets are as follows:

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Total assets:		
Hong Kong	93,175,206	53,767,174
PRC	9,608,375	2,652,079
	102,783,581	56,419,253
Non-current assets:		
Hong Kong	63,291,440	38,444,906
PRC	1,649,197	2,116,656
	64,940,637	40,561,562

For the year ended 31 May 2017, there were 3 customers (2016: 4 customers) which individually contributed over 10% of the Group's total revenue. Revenue contributed from each of these customers is as follows:

	Year ended 31 May	
	2017 HK$	2016 HK$
Customer I	9,012,250	15,011,750
Customer II (Note)	961,000	4,888,850
Customer III	7,360,000	4,836,250
Customer IV	—	6,274,950
Customer V	27,159,455	—
	44,492,705	31,011,800

Note: Revenue from Customer II did not exceed 10% of total revenue during the year ended 31 May 2017. The amounts shown above are for comparative purpose only.

7 REVENUE AND OTHER INCOME

(i) Revenue

	Year ended 31 May	
	2017	2016
	HK$	HK$
Revenue from visual display solution services	**66,686,774**	38,678,553
Equipment rental income	**133,000**	2,126,647
	66,819,774	40,805,200

(ii) Other income

	Year ended 31 May	
	2017	2016
	HK$	HK$
Handling income	**371,291**	32,618
Others	**—**	20,603
	371,291	53,221

8 OTHER GAINS, NET

	Year ended 31 May	
	2017	2016
	HK$	HK$
Net exchange gains	**146,625**	218,516
Gain on disposal of property, plant and equipment	**—**	85,000
Write-off of property, plant and equipment	**—**	(46,927)
Gain on investment in an insurance contract	**—**	46,195
	146,625	302,784

9 EXPENSES BY NATURE

	Year ended 31 May	
	2017	2016
	HK$	HK$
Auditor's remuneration	**1,100,000**	300,000
Consultancy and technician fees	**654,000**	173,400
Cost of equipment and spare parts	**1,028,556**	3,692,517
Depreciation of property, plant and equipment (Note 15)	**11,484,774**	7,563,618
Employee benefit expenses (Note 10)	**12,597,843**	7,977,064
Equipment rental charges	**1,371,800**	943,032
Freight and logistics expenses	**3,317,814**	2,220,037
Legal and professional expenses	**221,533**	196,580
Sub-contracting charges	**6,770,460**	3,152,930
Travelling expenses	**604,911**	492,235
Operating lease rentals in respect of rental premises	**1,819,070**	1,813,062
Professional service fees in respect of listing preparation	**17,597,478**	—
Others	**4,044,069**	2,985,021
Total cost of services and administrative expenses	**62,612,308**	31,509,496

10 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 May	
	2017	2016
	HK$	HK$
Wages, salaries and allowances, excluding directors' emoluments	**9,515,590**	6,283,505
Directors' emoluments (Note 35)	**1,472,600**	1,018,000
Pension costs — contributions to defined contribution plans (Note)	**1,609,653**	675,559
	12,597,843	7,977,064

Note:

The Group has arranged for its employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, In Technical Productions Limited (the employer) and its employees make monthly contributions to the scheme generally at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employees are subject to a maximum contribution of HK$1,500 per month and thereafter contributions are voluntary. The Group has no further obligations for post-retirement benefits beyond the contributions.

As stipulated by rules and regulations in the PRC, the Group contributes to state-administered retirement plans for employees in the PRC. For the PRC, the employees contribute up to 8% of their basic salaries, while the Group contributes approximately 17% to 22% of such salaries. The Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond these contributions. The state-administrated retirement plans are responsible for the entire pension obligations payable to the retired employees.

10 EMPLOYEE BENEFIT EXPENSES (Continued)

Note: (Continued)

During the years ended 31 May 2017 and 2016, the amount of the Group's contributions to defined contribution plans was HK$1,609,653 and HK$675,559, respectively. There are no forfeited contributions to defined contribution plans for the years ended 31 May 2017 and 2016. As at 31 May 2017 and 2016, there are HK$734,750 and HK$647,551 contributions payable to the defined contribution plans respectively.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for each of the years ended 31 May 2017 and 2016 include 1 director. The emoluments payable to the five highest paid individuals are as follows:

	Year ended 31 May	
	2017	2016
	HK$	HK$
Salaries, other allowances and benefits	**2,999,050**	3,303,994
Pension costs — contributions to defined contribution plans	**77,042**	86,300
	3,076,092	3,390,294

The emoluments fell within the following bands:

	Number of individuals	
	Year ended 31 May	
	2017	2016
Emolument bands		
Nil to HK$1,000,000	**4**	4
HK$1,000,001 to HK$1,500,000	**1**	1
	5	5

During the years ended 31 May 2017 and 2016, no emoluments were paid by the Group to any of the directors or other members of the five highest paid individuals as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

11 FINANCE COSTS, NET

	Year ended 31 May	
	2017	2016
	HK$	HK$
Bank interest income	**3,966**	523
Interest on bank borrowings	**(1,001,367)**	(1,045,744)
Finance charges on obligations under finance leases	**(24,842)**	(23,469)
Imputed interest on payables for equipment	**(385,995)**	—
Imputed interest on shareholder's loan	**(381,872)**	—
Finance costs	**(1,794,076)**	(1,069,213)
Finance costs, net	**(1,790,110)**	(1,068,690)

12 INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the years ended 31 May 2017 and 2016. The companies of the Group established in the PRC are subject to the PRC enterprise income tax at the rate of 25% for the years ended 31 May 2017 and 2016.

Taxes on profits assessable elsewhere have been calculated at the applicable rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The amounts of taxation charged to profit or loss represent:

	Year ended 31 May	
	2017	2016
	HK$	HK$
Current income tax:		
Hong Kong profits tax	**756,691**	966,405
Deferred income tax relating to origination and reversal of temporary differences (Note 26)	**2,841,124**	688,554
	3,597,815	1,654,959

12 INCOME TAX EXPENSE (Continued)

The taxation on the profit before income tax differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	Year ended 31 May	
	2017	2016
	HK$	HK$
Profit before income tax	**2,935,272**	8,583,019
Calculated at a taxation rate of 16.5%	**484,320**	1,416,198
Effect of different tax rates for different countries	**25,275**	(157,493)
Income not subject to taxation	**(5,605)**	(53,973)
Expenses not deductible for tax purposes	**3,058,086**	36,322
Tax losses not recognised	**599,044**	413,905
Utilisation of previously unrecognised tax losses	**(563,305)**	—
Taxation charge	**3,597,815**	1,654,959

13 (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 May 2017 and 2016. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the Reorganisation completed on 24 November 2016 and the capitalisation of shares which took place on 14 June 2017.

	Year ended 31 May	
	2017	2016
(Loss)/profit attributable to owners of the Company (HK$)	**(443,192)**	7,058,939
Weighted average number of ordinary shares in issue	**600,000,000**	600,000,000
Basic (loss)/earnings per share (HK cents)	**(0.07)**	1.18

As there were no diluted potential ordinary shares outstanding during the years ended 31 May 2017 and 2016, diluted earnings per share is the same as basic earnings per share.

14 NON-CONTROLLING INTERESTS

The total comprehensive loss for the years ended 31 May 2017 and 2016 attributable to non-controlling interests includes a comprehensive loss of HK$224,181 and HK$116,031, respectively, which are attributable to two individual shareholders of Shenzhen Shiji Tiansheng Technology Limited ("SSTTL"). SSTTL mainly incurred operating expenses of approximately HK$999,256 and HK$444,137 for the years ended 31 May 2017 and 2016, and it did not contribute significant revenue, total assets and total liabilities to the Group.

15 PROPERTY, PLANT AND EQUIPMENT

	Visual display equipment HK$	Furniture and other equipment HK$	Motor vehicles HK$	Leasehold improvements HK$	Total HK$
At cost:					
At 1 June 2015	73,812,873	889,561	559,887	839,500	76,101,821
Additions	10,019,557	132,468	623,360	300,750	11,076,135
Disposals	—	—	(228,000)	—	(228,000)
Write-off	(85,000)	—	—	—	(85,000)
Exchange difference	(133,987)	(822)	—	(4,521)	(139,330)
At 31 May 2016	83,613,443	1,021,207	955,247	1,135,729	86,725,626
Additions	36,367,953	98,745	—	—	36,466,698
Exchange difference	(69,763)	(428)	—	(2,354)	(72,545)
At 31 May 2017	119,911,633	1,119,524	955,247	1,133,375	123,119,779
Accumulated depreciation and impairment:					
At 1 June 2015	38,255,008	663,205	361,796	392,395	39,672,404
Charge for the year	6,766,951	159,610	247,820	389,237	7,563,618
Disposals	—	—	(228,000)	—	(228,000)
Write-off	(38,073)	—	—	—	(38,073)
Exchange difference	(27,092)	(152)	—	(596)	(27,840)
At 31 May 2016	44,956,794	822,663	381,616	781,036	46,942,109
Charge for the year	10,777,949	97,211	296,582	313,032	11,484,774
Exchange difference	(14,105)	(79)	—	(311)	(14,495)
At 31 May 2017	55,720,638	919,795	678,198	1,093,757	58,412,388
Net book value:					
At 31 May 2017	64,190,995	199,729	277,049	39,618	64,707,391
At 31 May 2016	38,656,649	198,544	573,631	354,693	39,783,517

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

The carrying amounts of motor vehicles held under hire purchase contracts at 31 May 2017 and 2016 were HK$277,049 and HK$573,631, respectively.

	Year ended 31 May	
	2017	2016
	HK$	HK$
Cost of services	**10,777,949**	6,766,951
Administrative expenses	**706,825**	796,667
Depreciation charge for the year	**11,484,774**	7,563,618

16 INVESTMENT IN AN INSURANCE CONTRACT

	Year ended 31 May	
	2017	2016
	HK$	HK$
At beginning of the year	**—**	1,866,021
Gain on investment in an insurance contract (Note 8)	**—**	46,195
	—	1,912,216
Surrender of the insurance contract	**—**	(1,912,216)
At end of the year	**—**	—

Investment in insurance contract represented key management life insurance policy (the "Insurance Policy"). The Group was the beneficiary of the insurance Policy. The insurance policy was pledged to the bank as securities for certain facilities granted to the Group. Changes in values of the investment in insurance contract were recorded in "other gains, net" in the statement of comprehensive income.

This contract was already surrendered by the Group in January 2016.

17 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Trade receivables	5,790,537	6,712,321
Deferred listing expenses	4,905,376	—
Deposits for purchase of equipment	233,246	778,045
Other receivables, deposits and prepayments	7,098,336	879,800
	18,027,495	8,370,166
Less: non-current portion	(233,246)	(778,045)
Current portion	17,794,249	7,592,121

Other receivables, deposits and prepayments mainly include rental and utility deposits, advances to staff and deposits for equipment rental.

The deferred listing expenses are incurred in connection with the Listing and will be deducted from equity upon Listing.

The maximum exposure to credit risk at the year end date is the carrying amount of each class of receivables and deposits mentioned above. The Group does not hold any collateral as security.

The Group's trade receivables are settled by cash on delivery or credit period of around 30 to 90 days after provision of services. As at 31 May 2017 and 2016, an ageing analysis of the trade receivables based on invoice date is as follows:

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
0 – 30 days	1,903,111	3,385,746
31 – 60 days	1,788,646	1,219,983
61 – 90 days	1,357,280	265,000
Over 90 days	741,500	1,841,592
	5,790,537	6,712,321

As at 31 May 2017 and 2016, trade receivables of HK$741,500 and HK$1,841,592, respectively, were past due but not impaired. These relates to a number of independent customers for whom there is no recent history of default.

The credit quality of trade and other receivables and deposits that are neither past due nor impaired has been assessed by reference to historical information about counterparty default rates. The existing counterparties do not have significant defaults in the past.

17 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

The carrying amounts of trade and other receivables approximate their fair values.

The carrying amounts of the Group's trade and other receivables, prepayments and deposits are denominated in the following currencies:

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
RMB	**1,951,809**	969,048
HK$	**9,672,084**	7,250,183
US$	**6,403,602**	150,935
	18,027,495	8,370,166

18 CASH AND BANK BALANCES

(a) Cash and cash equivalents

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Cash at banks and on hand	**17,008,419**	2,585,355
Maximum exposure to credit risk	**17,008,419**	2,578,248

Cash at banks earns interest income of floating rates based on daily bank deposit rates.

Cash and cash equivalents are substantially denominated in HK$.

(b) Pledged short-term bank deposits

As at 31 May 2017, deposits with original maturity of 1 year amounting to HK$2,994,836 (2016: Nil) were pledged to the facilities granted by bank to the Group. (Note 27)

19 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares HK$
Authorised:		
Ordinary shares of HK$0.01 each as at 31 May 2017	3,000,000,000	30,000,000
Issued and fully paid:		
Ordinary share of HK$0.01 on the date of incorporation and as at 31 May 2017	1	0.01

(a) Share capital

The Company was incorporated in the Cayman Islands on 4 November 2016 as a limited liability company with an authorized share capital of HK$300,000 divided into 30,000,000 Shares. On the same date, one Share of HK$0.01 was issued at par to Next Vision.

On 19 May 2017, the authorised share capital of the Company was changed to HK$30,000,000 by the creation of an additional 2,970,000,000 shares of a par value of HK$0.01 each.

(b) Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of retaining, incentivising, rewarding, remunerating, compensating and providing benefits to participants of the Scheme in order to encourage participants to work towards enhancing the value of the Company. Eligible participants of the Scheme include the Group's directors and employees, etc. The Scheme became effective on 19 May 2017. For the year ended 31 May 2017, no options have been granted.

20 CAPITAL RESERVE

The Company was incorporated on 4 November 2016 and the Reorganisation was completed on 24 November 2016. The capital reserve as at 31 May 2017 and 2016 primarily represented the aggregate amount of share capital of the companies now comprising the Group after elimination of the inter-company investment costs.

The movement of capital reserve of the Group during the year ended 31 May 2017 mainly represented the difference between the fair value of the shareholder's loan and the amount received on 30 November 2016 as described in Note 23.

21 OBLIGATIONS UNDER FINANCE LEASES

The future minimum lease payments, after taking into account of the clause of repayable on demand, are as follows:

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Gross finance lease liabilities		
No later than one year	273,270	348,690
Later than one year and no later than five years	326,250	461,250
	599,520	809,940
Future finance charges on finance leases	(69,295)	(94,137)
Present value of finance lease liabilities	530,225	715,803

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
The present value of finance lease liabilities are as follows:		
No later than one year	240,225	305,803
Later than one year and no later than five years	290,000	410,000
	530,225	715,803

These obligations under finance leases are secured by the Group's motor vehicles. The average lease term are 4 years and 5 years as at 31 May 2017 and 2016, respectively. Interest rates are fixed at the contract dates. All leases are on a fixed repayment basis with no contingent rental payments.

Obligations under finance leases are denominated in HK$.

22 OTHER PAYABLES AND ACCRUED LIABILITIES

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Payables for equipment	**17,533,770**	6,286,744
Receipts in advance	**1,391,483**	—
Payables for professional service fees in respect of Listing preparation	**12,017,551**	—
Other accruals and payables	**5,252,383**	3,963,416
	36,195,187	10,250,160
Less: non-current portion	**(8,220,053)**	—
Current portion	**27,975,134**	10,250,160

During the year ended 31 May 2017, the Group acquired certain visual display equipment amounted to US$3,000,000 (equivalent to HK$23,310,000). The Group has settled a balance of US$1,230,000 (equivalent to HK$9,561,569) during the year ended 31 May 2017 and the remaining balance of US$1,770,000 (equivalent to HK$13,748,431) will be repayable in 32 instalments until year 2020. The carrying amount of this payable approximates its fair value. During the year ended 31 May 2017, the imputed interest on payables for equipment is HK$385,995 (Note 11).

As at 31 May 2017 and 2016, the Group's ageing analysis of the payables for equipment based on invoice date is as follows:

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
0 – 30 days	**60,169**	—
31 – 60 days	**61,844**	—
61 – 90 days	**231,912**	—
Over 90 days	**17,179,845**	6,286,744
	17,533,770	6,286,744

22 OTHER PAYABLES AND ACCRUED LIABILITIES (Continued)

The carrying amounts of the Group's payables for equipment are denominated in the following currencies:

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
RMB	4,610,079	5,979,408
HK$	168,400	8,034
US$	12,755,291	299,302
	17,533,770	6,286,744

The carrying amounts of all short-term payables and accrued liabilities approximate their fair values due to their short maturities.

23 SHAREHOLDER'S LOAN

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Loan from a shareholder	14,268,128	—

On 30 November 2016, the Group issued a promissory note to its shareholder with principal amount of HK$14,650,000. The loan was unsecured, interest-free and the shareholder confirmed that it will not demand for repayment within one year from the date of issuance of the promissory note. On the date of issuance, the Group credited an amount of HK$763,744 to capital reserve which represented the difference between the fair value of the shareholder's loan and the amount received. Please also refer to Note 36 for the changes in shareholder's loan subsequent to date of issuance.

24 BANK BORROWINGS

As at 31 May 2017 and 2016, bank borrowings are repayable as follows:

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Bank loans, secured (Note 27):		
Balances repayable within one year classified as current liabilities	**6,598,390**	5,460,547
Balance repayable after one year, with clause of repayable on demand classified as current liabilities	**12,288,495**	9,761,765
	18,886,885	15,222,312

The above bank loans bear interest ranging from 4.0% to 7.0% per annum for the year ended 31 May 2017, 4.0% to 7.7% per annum for the year ended 31 May 2016.

As at 31 May 2017 and 2016, the fair value of current bank borrowings equals their carrying amount as the impact of discounting is not significant.

As at 31 May 2017 and 2016, the Group's bank borrowings based on the scheduled repayment dates as set out in the loan agreements and ignoring the effect of any repayment on demand clause are repayable as follows:

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Within 1 year	**6,598,390**	5,460,547
Between 1 and 2 years	**4,606,876**	4,769,302
Between 2 and 5 years	**7,681,619**	4,992,463
	18,886,885	15,222,312

The bank borrowings are denominated in HK$.

25 BALANCES WITH RELATED PARTIES

	Maximum amount outstanding during the year ended 31 May 2017 HK$	Maximum amount outstanding during the year ended 31 May 2016 HK$	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Amount due from a director	**16,825,692**	8,263,499	**—**	5,680,215
Amount due from the immediate holding company	**45,440**	—	**45,440**	—
Amount due to a director			**—**	(1,115,397)

Balances with a director, Mr. Yeung, were unsecured, interest-free, repayable on demand and denominated in HK$. These balances were settled during the year ended 31 May 2017.

The amount due from the immediate holding company was unsecured, interest-free, repayable on demand and denominated in HK$.

26 DEFERRED TAXATION

The deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The net amounts are as follows:

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Deferred tax liabilities		
— to be settled after more than 12 months	**4,504,095**	2,195,013
— to be settled within 12 months	**1,727,715**	1,195,673
	6,231,810	3,390,686

26 DEFERRED TAXATION (Continued)

The movement on deferred taxation is as follows:

	Year ended 31 May	
	2017	2016
	HK$	HK$
At beginning of the year	**3,390,686**	2,702,132
Charged to profit or loss (Note 12)	**2,841,124**	688,554
At end of the year	**6,231,810**	3,390,686

The movements of deferred tax assets and liabilities, prior to offsetting, are as follows:

Deferred tax assets — tax loss

	Year ended 31 May	
	2017	2016
	HK$	HK$
At beginning of the year	**—**	300,041
Charged to profit or loss	**—**	(300,041)
At end of the year	**—**	—

As at 31 May 2017 and 2016, the Group had unrecognised tax losses of HK$3,414,841 and HK$3,396,363, respectively. These tax losses will expire within five years.

Deferred tax liabilities — accelerated tax depreciation

	Year ended 31 May	
	2017	2016
	HK$	HK$
At beginning of the year	**3,390,686**	3,002,173
Charged to profit or loss	**2,841,124**	388,513
At end of the year	**6,231,810**	3,390,686

27 BANKING FACILITIES

As at 31 May 2017 and 2016, the Group had total banking facilities of approximately HK$20,287,000 and HK$15,822,000, respectively, of which approximately HK$18,887,000 and HK$15,222,000 have been utilised. The Group's banking facilities were secured by the following:

(i) Unlimited personal guarantee executed by a director of the Company, Mr. Yeung;

(ii) The issue of a guarantee relating to the working capital loans by the government of the Hong Kong Special Administrative Region to the extent of HK$6,500,000 and HK$7,000,000 as at 31 May 2017 and 2016;

(iii) Guarantee given by the Hong Kong Mortgage Corporation Limited under SME Financing Guarantee Scheme amounted to HK$3,840,000 as at 31 May 2017 and 2016;

(iv) Personal property of a director, Mr. Yeung; and

(v) Pledged short-term bank deposits of HK$2,994,836.

On 14 June 2017, upon Listing and after the partial repayment of the then outstanding borrowings, all securities and guarantees provided by Mr. Yeung, Mr. Chang, UCP and Next Vision and their close associates on the Group's remaining borrowings were released and replaced by corporate guarantees of the Company. Guarantee relating to working capital loans by government of the Hong Kong Special Administrative Region and under SME Financing Guarantee Scheme (Note (ii) and (iii)) were released before Listing.

28 SUBSIDIARIES

Particulars of the subsidiaries held by the Group for each of the years ended 31 May 2017 and 2016 are as follows:

Name	Place and date of incorporation	Particulars of issued and paid up capital	Percentage of equity held as at 31 May 2017	Percentage of equity held as at 31 May 2016	Principal activities
Directly held					
ITP (BVI)	The BVI, 9 November 2016	US$100	**100%**	100%	Investment holding in Hong Kong
Indirectly held					
ITP (HK)	Hong Kong, 10 March 2009	HK$10,000	**100%**	100%	Provision of video display solution services for concerts and events in Hong Kong, Macau, the PRC and Taiwan
Shiji Tiansheng Cultural Communication (Shenzhen) Limited* (世紀天盛文化傳播(深圳)有限公司	The PRC, 4 July 2012	RMB3,500,000	**100%**	100%	Provision of video display solution services for concerts and events in the PRC
Shanghai Yingtegao Stage Arts Limited* (上海英特高舞台藝術有限公司)	The PRC, 14 October 2014	RMB1,000,000	**100%**	100%	Provision of stage design and equipment installation services in the PRC
Shenzhen Shiji Tiansheng Technology Limited* (深圳市世紀天盛科技有限公司)	The PRC, 11 July 2013	RMB500,000	**70%**	70%	Import and export and wholesale of video equipment and parts and related support services in the PRC

* The English names of certain subsidiaries referred to above represent the best effort by management of the Company in translating their Chinese names as they do not have official English names.

29 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for but not yet incurred as at 31 May 2017 and 2016 are as follows:

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
Property, plant and equipment	**255,521**	350,511

(b) Operating lease commitments — the Group as lessee

As at 31 May 2017 and 2016, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises as follows:

	As at 31 May 2017 HK$	As at 31 May 2016 HK$
No later than one year	**1,802,514**	1,609,004
Later than one year and no later than five years	**1,312,285**	673,494
	3,114,799	2,282,498

30 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, has joint control over the party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The ultimate controlling individual of the companies now comprising the Group is Mr. Yeung for the years ended 31 May 2017 and 2016.

30 RELATED PARTY TRANSACTIONS (Continued)

Key management compensation

Key management includes directors and other key management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 May	
	2017	2016
	HK$	HK$
Salaries, other allowances and benefits	**3,007,105**	2,354,728
Pension costs — contributions to defined contribution plans	**183,866**	67,977
	3,190,971	2,422,705

31 FINANCIAL INSTRUMENTS BY CATEGORIES

	Loans and receivables
	HK$
Assets as per consolidated statement of financial position	
As at 31 May 2017	
Trade receivables	5,790,537
Deposits and other receivables	6,905,098
Cash and bank balances	20,003,255
Total	32,698,890
As at 31 May 2016	
Trade receivables	6,712,321
Deposits and other receivables	725,936
Amount due from a director	5,680,215
Cash and bank balances	2,585,355
Total	15,703,827

31 FINANCIAL INSTRUMENTS BY CATEGORIES (Continued)

	Other financial liabilities at amortised cost HK$
Liabilities as per consolidated statement of financial position	
As at 31 May 2017	
Bank borrowings	18,886,885
Other payables	34,803,704
Obligations under finance leases	530,225
Shareholder's loan	14,268,128
Total	68,488,942
As at 31 May 2016	
Bank borrowings	15,222,312
Other payables	10,250,160
Amount due to a director	1,115,397
Obligations under finance leases	715,803
Total	27,303,672

32 CONTINGENCIES

The Group had no material contingent liabilities as at 31 May 2017 and 2016.

33 DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 May 2017 and 2016.

34 BALANCE SHEET OF THE COMPANY

	Note	As at 31 May 2017 HK$
ASSETS		
Non-current asset		
Investment in a subsidiary		32,709,149
Current assets		
Amount due from the immediate holding company		45,440
Deferred listing expenses	(a)	4,905,376
		4,950,816
Total assets		37,659,965
EQUITY		
Share capital		—
Reserves	(b)	14,967,090
Total equity		14,967,090
LIABILITIES		
Current liabilities		
Amount due to a subsidiary		10,668,984
Other payables and accruals		12,023,891
Total liabilities		22,692,875
Total equity and liabilities		37,659,965

The balance sheet of the Company was approved by the Board of Director on 22 August 2017 and were signed on its behalf.

Yeung Ho Ting Dennis
Director

Law Wang Chak Waltery
Director

34 BALANCE SHEET OF THE COMPANY (Continued)

(a) The deferred listing expenses are incurred in connection with the Listing of the Company and will be deducted from equity upon Listing of the Company.

(b) Movement of reserves

	Capital reserve HK$	Accumulated loss HK$	Total HK$
As at 4 November 2016 (date of incorporation)	—	—	—
Loss for the period	—	(17,742,051)	(17,742,051)
Investment in ITP (BVI) pursuant to the Reorganisation (Note 1.2)	32,709,141	—	32,709,141
As at 31 May 2017	32,709,141	(17,742,051)	14,967,090

35 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments of the directors of the Company paid/payable by the Group during the years ended 31 May 2017 and 2016 are set out below:

Year ended 31 May 2017

Name	Fee HK$	Salaries, other allowances and benefits HK$	Discretionary bonuses HK$	Defined contribution pension costs HK$	Total HK$
Executive directors					
Mr. Yeung *(Chief Executive Officer)*	—	1,000,000	—	18,000	1,018,000
Mr. Tam Chun Yu (Note i)	—	378,600	—	9,000	387,600
Non-executive director:					
Mr. Law Wang Chak Waltery (Note i)	67,000	—	—	—	67,000
Independent non-executive directors:					
Mr. Li Kai Sing (Note ii)	—	—	—	—	—
Mr. Ma Tsz Chun (Note ii)	—	—	—	—	—
Ms. Loh Lai Ping, Phillis (Note ii)	—	—	—	—	—
	67,000	1,378,600	—	27,000	1,472,600

35 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

Notes:

(i) These directors have been appointed on 10 November 2016.

(ii) These directors have been appointed on 19 May 2017.

Year ended 31 May 2016

Name	Fee	Salaries, other allowances and benefits	Discretionary bonuses	Defined contribution pension costs	Total
	HK$	HK$	HK$	HK$	HK$
Executive director					
Mr. Yeung *(Chief Executive Officer)*	—	1,000,000	—	18,000	1,018,000
	—	1,000,000	—	18,000	1,018,000

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2016: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2016: Nil).

(d) Directors' waived emoluments

None of the directors waived or agreed to waive any emoluments during the year (2016: Nil).

(e) Consideration provided to third parties for making available directors' services

During the year, the Company did not pay consideration to any third parties for making available directors' services (2016: Nil).

(f) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year (2016: Nil).

(g) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2016: Nil).

36 EVENTS AFTER THE BALANCE SHEET DATE

On 14 June 2017, pursuant to the IPO, the Company issued a total 200,000,000 shares at a price of HK$0.30 per share.

On 14 June 2017, upon Listing, the Company had capitalised an amount of approximately HK$12,000,000 owed by ITP (HK) to Next Vision by issuing additional 599,999,999 Shares, credited as fully paid, to the then existing shareholders of the Company. The remaining balance of approximately HK$2.7 million was repaid.

Financial Summary

RESULT	For the year ended 31 May		
	2015	2016	**2017**
	HK$'000	HK$'000	**HK$'000**
Revenue	26,822	40,805	**66,820**
Cost of sales	(16,381)	(22,842)	**(32,908)**
Gross profit	10,441	17,963	**33,912**
Profit/(loss) for the year	1,093	6,928	**(663)**

ASSETS AND LIABILITIES	As at 31 May		
	2015	2016	**2017**
	HK$'000	HK$'000	**HK$'000**
Non-current assets	36,429	40,562	**64,941**
Current assets	17,601	15,857	**37,843**
Non-current liabilities	2,702	3,801	**29,010**
Current liabilities	33,907	28,195	**49,161**
Net current liabilities	16,306	12,338	**11,318**
Net assets	17,421	24,423	**24,613**

The summary above does not form part of the audited consolidated financial statements.

No financial statements of the Group for the years ended 31 May 2013 and 2014 have been published.

The financial information for the years ended 31 May 2015 and 2016 were extracted from the Prospectus of the Company dated 31 May 2017. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years and is presented on the basis as set out in note 1 to the audited consolidated financial statements.

ITP