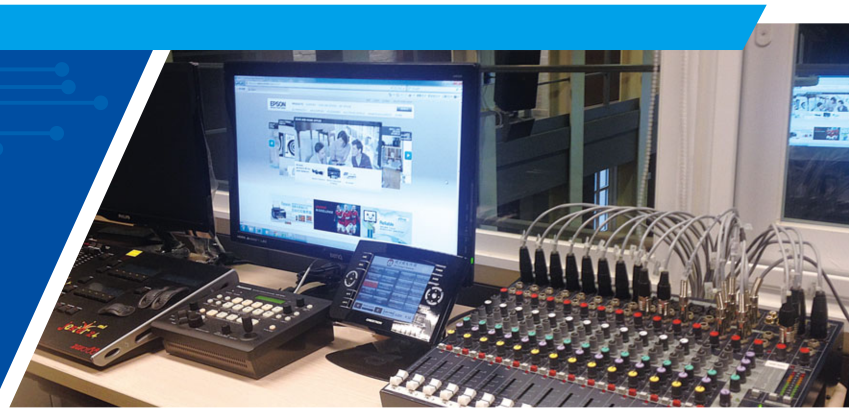

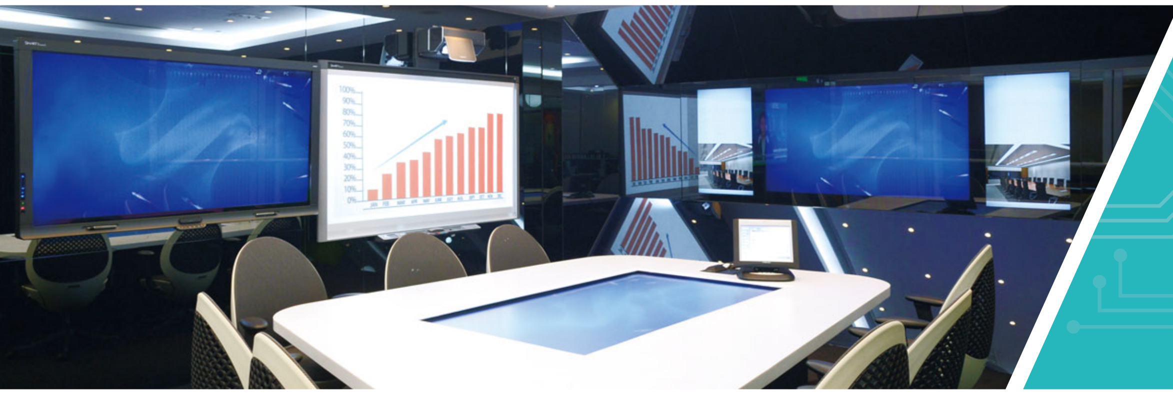

ANNUAL REPORT 2015

# i-Control Holdings Limited
# 超智能控股有限公司

*(incorporated in the Cayman Islands with limited liability)*

Stock code: 8355

**Characteristics of The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")**

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

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



*This report, for which the directors (the "**Directors**") of i-Control Holdings Limited (the "**Company**") collectively and individually accept full responsibility, 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 (collectively refer to as 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. Tong Sai Wong *(Chairman)*
Mr. Chan Wing Yiu
Mr. Chan Wing Lun

### Non-executive directors

Dr. Wong King Keung
Mr. Lin Wing Ching

### Independent non-executive directors

Dr. Chan Man Hung
Dr. Lai Wing Chueng
Mr. Lum Pak Sum

## COMPANY SECRETARY

Mr. Wong Yiu Leung, *HKICPA*

## COMPLIANCE OFFICER

Mr. Chan Wing Yiu

## BOARD COMMITTEES

### Audit committee

Mr. Lum Pak Sum *(Chairman)*
Dr. Chan Man Hung
Dr. Lai Wing Chueng

### Nomination committee

Dr. Lai Wing Chueng *(Chairman)*
Dr. Chan Man Hung
Mr. Lum Pak Sum

### Remuneration committee

Dr. Chan Man Hung *(Chairman)*
Dr. Lai Wing Chueng
Mr. Lum Pak Sum

## AUTHORISED REPRESENTATIVES

Mr. Chan Wing Yiu
Mr. Wong Yiu Leung

## COMPANY'S WEBSITE

http://www.i-control.com.hk

## AUDITOR

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

## LEGAL ADVISER

Kwok Yih & Chan
Suites 2103-05
21st Floor
9 Queen's Road Central
Hong Kong

## COMPLIANCE ADVISER

Pan Asia Corporate Finance Limited
Unit 1504, 15/F
The Center
99 Queen's Road Central
Hong Kong

## REGISTERED OFFICE

Appleby Trust (Cayman) Ltd.
Clifton House, 75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units A&B, 12/F, MG Tower
133 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

## PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
20 Pedder Street, Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
4–4A Des Voeux Road Central
Hong Kong

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Appleby Trust (Cayman) Ltd.
Clifton House, 75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## STOCK CODE

8355

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of i-Control Holdings Limited (the "**Company**"), I am pleased to present the audited annual results of the Company and its subsidiaries (collectively refer to as the "**Group**") for the year ended 31 March 2015.

## BUSINESS OVERVIEW

Our Group was founded in 1987 as one of the leading audiovisual solution providers for the educational and audiovisual environment. In 2001, in line with increasing demand from commercial organizations for high quality, integrated and tailor-made video conferencing and multimedia audiovisual solutions, the Group decided to expand its business in the commercial field through its subsidiary, namely i-Control Limited.

During the past 15 years, the Group has achieved significant business growth in providing solutions for conference venues, digital signage applications, multimedia teaching environments and home and entertainment purposes. Our customers include international enterprises from the world top 500 companies, listed companies in Hong Kong, companies from the People's Republic of China (the "**PRC**"), famous local and international enterprises, banks, hotel and shopping mall operators, educational institutes, governmental and religious bodies, non-government organizations, modern home users, theme parks and even casino operators.

We experienced growth in revenue during the two years ended 31 March 2015. Our Group's turnover increased from approximately HK$102.5 million for the year ended 31 March 2014 to approximately HK$111.5 million. Profit attributable to owners of the Company decreased from approximately HK$35.7 million for the year ended 31 March 2014 to approximately HK$4.7 million for the year ended 31 March 2015. This was mainly due to (i) a gain on disposal of investment property amounting to approximately HK$20.1 million for the year ended 31 March 2014 and (ii) the listing expenses of approximately HK$12.1 million incurred for the year ended 31 March 2015.

## LISTING ON THE STOCK EXCHANGE AND FUTURE PROSPECT

2015 is a significant year and an important milestone for the Group. The Company was successfully listed on the GEM of the Stock Exchange on 27 May 2015. We are grateful to all the professional parties, our management and staff team for the concerted effort in making the listing a success.

The listing proceeds will empower the Group to carry out further expansions in our staff team, in marketing and promotion activities, in extending our geographic coverage and developing new market segments. We strongly believe the more advanced cities up North and down South in the PRC have similar demand for high quality video conferencing and multimedia audiovisual solutions like Hong Kong. We plan to expand our office and staff team in Shanghai within 2015, and then set up new offices with showrooms in Singapore and Beijing. We also plan to invest over HK$30 million to purchase a warehouse, to cope with our expansion in Hong Kong.

Looking forward, the video conferencing and multimedia audiovisual solution service market is still growing rapidly. Our management team will strive to increase our clientele base, business volume and net profit for our Group as well as bringing good returns to our shareholders. We will also stick to our mission: to make our customers look good and feel great with our high quality solution services, to ensure their needs are met with timely technologies and cost effectiveness.

## APPRECIATION

Here, on behalf of the Board, I would like to express sincere thanks to our customers, suppliers, business partners and shareholders for their continuous support, and our appreciation for the effort and endeavours made by our management and staff during the past year to achieve remarkable results for the Group.

**Tong Sai Wong**
*Chairman and Executive Director*
Hong Kong, 17 June 2015

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group maintained its market position as one of the leading service providers of video conferencing and multimedia audiovisual solution, mainly in Hong Kong, and other geographical locations, such as Beijing, Shanghai, Macau, and Singapore. The Group's services can mainly divided into two lines, namely the provision of (i) solution for audiovisual, conferencing, presentation and multimedia control systems including installation services; and (ii) audiovisual system maintenance services.

The revenue of the Group increased by approximately 8.8% from approximately HK$102,474,000 for the year ended 31 March 2014 to approximately HK$111,482,000 for the year ended 31 March 2015.

Moving forward, after the Company's successful listing on the GEM on 27 May 2015 ("**Listing**"), the Group will continue to maintain and strengthen its position as one of the leading video conferencing and multimedia audiovisual solution providers in Hong Kong and to expand our market share in the video conferencing and multimedia audiovisual solution industry in the PRC and Singapore. The Directors believe the Group will have significant growth in the years to come.

## FINANCIAL REVIEW

### Segment analysis

| | **Year ended 31 March 2015** | | Year ended 31 March 2014 | |
|---|---|---|---|---|
| | **HK$'000** | **%** | HK$'000 | % |
| Solution of audiovisual, conferencing, presentation and multimedia control systems including installation services | **101,906** | **91.4** | 95,459 | 93.2 |
| Audiovisual system maintenance services | **9,576** | **8.6** | 7,015 | 6.8 |
| Total | **111,482** | **100.0** | 102,474 | 100.0 |

### Revenue

The Group's revenue increased by 8.8% from approximately HK$102,474,000 for the year ended 31 March 2014 to approximately HK$111,482,000 for the year ended 31 March 2015.

Revenue generated from solution of audiovisual, conferencing, presentation and multimedia control systems including installation services increased by approximately 6.8% from approximately HK$95,459,000 for the year ended 31 March 2014 to approximately HK$101,906,000 for the year ended 31 March 2015, which was primarily attributable to revenue contribution from two new customers and our revenue derived from a project in Singapore.

Revenue generated from audiovisual system maintenance services increased by approximately 36.5% from approximately HK$7,015,000 for the year ended 31 March 2014 to approximately HK$9,576,000 for the year ended 31 March 2015, which was primarily attributable to the increase in total number of maintenance projects and the average revenue per project as the Group secured more projects with a higher revenue contribution.

### Gross operating margin and gross operating margin ratio

Gross operating margin is calculated based on our revenue for the year minus cost of inventories sold for the year. Gross operating margin ratio is calculated based on the gross operating margin for the year divided by revenue for the year multiplied by 100%.

Gross operating margin increased by 21.1% from approximately HK$38.9 million for the year ended 31 March 2014 to approximately HK$47.1 million for the year ended 31 March 2015, which was primarily attributable to revenue contribution from two new customers and our revenue derived from a project in Singapore.

The Group's gross operating margin ratio increased from approximately 38.0% for the year ended 31 March 2014 to 42.2% for the year ended 31 March 2015, primarily because certain projects with a higher gross operating margin were secured due to a higher complexity in respect of the design and installation works involved in these projects.

### Other income

Other income mainly represented the gain on disposal of investment property, management fee received and bank interest income. The other income decreased from approximately HK$22,431,000 for the year ended 31 March 2014 to approximately HK$21,000 for the year ended 31 March 2015, which was primarily attributable to a gain on disposal of investment property of approximately HK$20,129,000 for the year ended 31 March 2014.

### Staff cost

Staff cost increased from approximately HK$14,537,000 for the year ended 31 March 2014 to approximately HK$16,844,000 for the year ended 31 March 2015 due to the increase of sales commission paid to staffs which was in line with the increase in revenue.

### Other operating expenses

Other operating expenses increased from approximately HK$4,806,000 for the year ended 31 March 2014 to approximately HK$18,229,000 for the year ended 31 March 2015. The increase in other operating expenses was mainly attributable to the listing expenses of approximately HK$12,059,000 incurred for the year ended 31 March 2015 for the Listing.

### Income tax expense

Income tax expense increased from approximately HK$3,499,000 for the year ended 31 March 2014 to approximately HK$4,027,000 for the year ended 31 March 2015, which was mainly due to an increase of profit before taxation, excluding (i) a non-taxable gain on disposal of investment property of approximately HK$20,129,000 for the year ended 31 March 2014 and (ii) non-deductible listing expense of approximately HK$12,059,000 for the year ended 31 March 2015.

### Profit and total comprehensive income for the year

Profit and total comprehensive income for the year decreased from approximately HK$35,980,000 for the year ended 31 March 2014 to approximately HK$5,565,000 for the year ended 31 March 2015, which was mainly due to (i) a gain on disposal of investment property of approximately HK$20,129,000 for the year ended 31 March 2014 and (ii) approximately HK$12,059,000 recorded in listing expenses for the Listing netted off against the increase in revenue for the year ended 31 March 2015.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its own business operations and bank borrowings. As at 31 March 2015, the Group had net current liabilities of HK$28,072,000 (2014: HK$27,583,000) and had cash and cash equivalents of approximately HK$14,831,000 as at 31 March 2015 (2014: HK$15,045,000). Current liabilities of the Group included carrying amount of HK$39,708,000 bank borrowings that were not repayable within one year from the end of reporting period but contains a repayment on demand clause. The Directors are satisfied that the Group will have sufficient financial resources to meet its obligations as they fall due in the foreseeable future.

## GEARING RATIO

As at 31 March 2015, the gearing ratio (calculated on the basis of total debt divided by total assets at the end of the year) of the Group was approximately 55.5% (2014: 39.8%).

## FOREIGN CURRENCY RISK

The majority of the Group's business activities are in Hong Kong and are denominated in Hong Kong dollars ("**HK$**"). The Group currently does not have a foreign currency hedging policy. However, the Directors will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## CAPITAL COMMITMENT

As at 31 March 2015, the Group did not have material capital commitments (2014: Nil).

## DIVIDEND

Pursuant to the resolutions of i-Control (ITAV) Limited ("**i-Control ITAV**") passed on 5 February 2015, an interim dividend amount of HK$8,780,000 was declared and paid by i-Control ITAV to its then shareholders. During the year ended 31 March 2014, the dividends paid by the Company's subsidiaries to their then shareholders amounted in aggregate to approximately HK$30,922,000.

The Board does not recommend the payment of a final dividend for the year ended 31 March 2015.

## CAPITAL STRUCTURE

The Company's shares were successfully listed on the GEM on 27 May 2015. There has been no change in the Company's capital structure since that date.

The capital structure of the Group consists of bank borrowings, amounts due to related companies, Directors and a shareholder, equity attributable to the owners of the Company, comprising issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt or convertible securities or through the redemption of borrowings.

## CHARGE ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2015, land and buildings of approximately HK$51,309,000 (2014: HK$52,466,000) of the Group were pledged to secure bank borrowings facilities granted to the Group. As at 31 March 2014 and 31 March 2015, all bank borrowings were guaranteed by certain Directors. The guarantees provided by those Directors had been released and replaced by guarantees from the Company upon Listing.

Save as disclosed above, the Group has no contingent liabilities as at 31 March 2015 and 31 March 2014.

## MATERIAL ACQUISITIONS AND DISPOSAL

Pursuant to the reorganisation (the "**Reorganisation**") in preparation of the Listing, the Company became the holding company of the Group formed after completion of the Reorganisation. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" of the prospectus dated 14 May 2015 issued by the Company (the "**Prospectus**").

Save as aforesaid, during the year ended 31 March 2015, the Group had no material acquisitions and disposals of subsidiaries.

## EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in note 37 of the combined financial statements in this annual report.

## FUTURE PLANS OF MATERIAL INVESTMENTS

As disclosed in Prospectus, the Company had drawn up strategies to achieve its business objectives, including, but not limited to, acquiring a warehouse in Hong Kong with a portion of the proceeds resulting from the placing of the Company's shares.

On 11 June 2015, the Group signed provisional sale and purchase agreements to acquire certain warehouse premises and a carpark space with a total consideration of approximately HK$42,380,000. Details of which are set out in the announcement of the Company dated 11 June 2015.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group employed 67 (2014: 66) full time employees. The remuneration policy of the Group to reward its employees and executives is based on their performance, qualifications, competence displayed and selected market comparables.

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Mr. Tong Sai Wong (唐世煌) ("Mr. Tong")**, aged 64, is one of the founders of the Group and controlling shareholders of the Company, and was appointed as a Director on 21 August 2014 and designated as the chairman of the Board (the "**Chairman**") and an executive Director on 11 May 2015. Currently, he is in charge of managing the development of the Group's audiovisual business devising the business strategies.

Mr. Tong founded the Group together with Dr. Wong King Keung and Mr. Chan Wing Yiu in February 1987. Prior to founding the Group, in the mid-1970s, Mr. Tong worked in 3M Hong Kong Limited (3M香港有限公司), previously known as 3M Far East Limited (3M遠東有限公司). He was awarded the Sales Representative of the Month in December 1974 and Salesman of the Year in 1975 in the Target 40 Program in July 1975, where he was engaged in the promotion of visual products in the government and educational markets. Mr. Tong then joined Filmo of Hutchison Group in 1976 as Manager of Audio Visual Division. In 1979, he set up Edutec International Ltd with Mr. Chan Wing Yiu and others and served as executive director to develop audiovisual business. Mr. Tong has over 40 years of experience in the audiovisual industry.

Mr. Tong is also involved in the public service sector. Currently, Mr. Tong is one of the Governors and a member of the Executive Committee of Charles K. Kao Foundation for Alzheimer's Disease Limited, a tax-exempted charity incorporated in April 2010. He was appointed as a permanent honorary president of Hong Kong Pui Ching Alumni Association in 2008.

Mr. Tong graduated from Pui Ching Middle School in 1969. He passed the Chinese University of Hong Kong Matriculation Examination in July 1969 and was qualified for the admission. However, due to personal reason, Mr. Tong did not pursue tertiary education and decided to develop his own career.

**Mr. Chan Wing Yiu (陳詠耀) ("Mr. WY Chan")**, aged 64, is one of the founders of the Group and controlling shareholders of the Company, and was appointed as a Director on 21 August 2014 and designated as an executive Director on 11 May 2015. He is also the compliance officer of the Company and one of the authorised representatives under Rule 5.24 of the GEM Listing Rules. He founded the Group together with Dr. Wong King Keung and Mr. Tong in February 1987. Mr. WY Chan is responsible for the Group's financial management. Mr. WY Chan has approximately 38 years of experience in the audiovisual industry.

Prior to setting up the Group, Mr. WY Chan had already gained expertise in the audiovisual field and management experience. In March 1976, Mr. WY Chan served as a chief accountant in Filmo (HK) Limited (菲林模(香港)有限公司). In August 1977, Mr. WY Chan was promoted to the position of finance controller and he was responsible under the chief executive for all financial matters before he left the company in January 1978. In 1979, he set up Edutec International Ltd with Mr. Tong and others and served as executive director to develop audio visual business.

Mr. WY Chan served in Shenzhen GoodYear Enterprise Company Limited (深圳嘉年實業股份有限公司) (previously known as Shenzhen GoodYear Printing & Packaging Company Limited (深圳嘉年印刷包裝有限公司)) as a deputy general manager and a director from May 1993 to October 2000 and from July 1998 to April 2007 respectively. The company was mainly engaged in the production of printed materials.

**Mr. Chan Wing Lun (陳永倫) ("Mr. WL Chan")**, aged 40, is one of the controlling shareholders of the Company. Mr. WL Chan was appointed as a Director on 21 August 2014 and designated as an executive Director on 11 May 2015. He is principally responsible for marketing, promoting business and approving purchase orders to suppliers. He also provides internal training to the Group's sales staff in relation to, in particular, the characteristics of the services of the Group and general marketing skills and techniques.

Mr. WL Chan joined the Group in May 1997 as a sales executive in Eduserve International Limited ("**Eduserve International**"), an indirect non-wholly owned subsidiary of the Company and was then promoted to a manager in April 2000. In April 2001, Mr. WL Chan was appointed as a director of i-Control Limited, an indirect wholly-owned subsidiary of the Company. Mr. WL Chan is responsible for managing the development of the Group's audiovisual business and overseeing the Group's general business operations. In 2001, Dr. Wong, Mr. WY Chan and Mr. Tong invited Mr. WL Chan to become a shareholder of i-Control Limited. Mr. WL Chan has over 18 years of experience in professional audiovisual system consultation and project management services. In particular, he specialises in digital signage solution and integration.

Mr. WL Chan obtained his bachelor of science in business administration (computer information system) in August 1995 from Hawaii Pacific University.

## NON-EXECUTIVE DIRECTORS

**Dr. Wong King Keung (黃景強) ("Dr. Wong")**, aged 69, is one of the founders of the Group and controlling shareholders of the Company, and was appointed as a Director on 21 August 2014 and designated as a non-executive Director on 11 May 2015. He founded the Group together with Mr. Tong and Mr. WY Chan in February 1987, and has extensive experience and knowledge of management. He is currently responsible for providing strategic advice to the Group.

Dr. Wong took up the vice chairman position of Shenzhen GoodYear Enterprise Company Limited (深圳嘉年實業股份有限公司) (previously known as Shenzhen GoodYear Printing & Packaging Company Limited (深圳嘉年印刷包裝有限公司)) from May 1993 to April 2007. Shenzhen GoodYear Enterprise Company Limited was mainly engaged in the production of printed materials.

Dr. Wong has gained extensive management experience from his involvement in the public service sector. He was appointed as a Hong Kong Affairs Adviser in April 1993. Dr. Wong was a board member of the Hong Kong Airport Authority from December 1995 to May 2005, as well as a member of the Airport Authority's audit committee from 2002 to 2005 and the chairperson of the Hong Kong Airport Authority's works committee from 2001 to 2005. He was also involved in the Town Planning Board, where he served as a member from April 1998 to March 2006, and held the vice chairman position of the Metro Planning Committee from April 2004 to March 2006 and the vice chairman position of the Town Planning Board from April 2006 to March 2008. In addition, Dr. Wong played an active role in the management of the Chinese Permanent Cemeteries by serving as a member of the finance committee and development committee of the board of management of the Chinese Permanent Cemeteries from February 2008 to January 2011, the chairperson of the works committee commencing from April 2010 and member of the board of management of the Chinese Permanent Cemeteries from February 2008 to January 2014.

Dr. Wong has also contributed to the tertiary education field. He was one of the founding members of the University of East Asia, Macau (the predecessor of the University of Macau), which was established in March 1981. Currently, Dr. Wong holds the following positions:

| Institutions | Positions | Period of service |
|---|---|---|
| The Hong Kong Institute for Promotion of Chinese Culture | Vice Chairman of the Council | Present |
| The National Committee of the Chinese People's Political Consultative Conference | Committee Member | 1998 – Present |
| Centennial College, a member of the University of Hong Kong Group | Member of the Board of Governors and Council member | February 2012 – Present |
| University Assembly, The University of Macau | Member | August 2009 – Present |
| The University of Hong Kong | Council Member | March 2013 – Present |

Aside from work, Dr. Wong was appointed as the Justice of the Peace in June 2000, and was awarded the Bronze Bauhinia Star in July 2001 by the Hong Kong Government in recognition of his distinguished and devoted public service to Hong Kong.

Dr. Wong was admitted as a member and subsequently a fellow at the Hong Kong Institution of Engineers in April 1975 and December 1997, respectively. He obtained his bachelor of science in civil engineering in November 1968 and master of science in engineering in November 1970, both from the University of Hong Kong. He further obtained his doctorate degree in philosophy from the Queen's University in Canada in October 1972. Dr. Wong was also conferred an honorary doctoral degree by the University of Macau in 2010.

**Mr. Lin Wing Ching (連永錚) ("Mr. Lin")**, aged 59, was appointed as a Director on 21 August 2014 and designated as a non-executive Director on 11 May 2015. He is responsible for developing the overall business direction and management strategies of the Group. Mr. Lin joined the Group for approximately 26 years. He was responsible for overseeing the finance and administration of integrated system in relation to the audiovisual business of the Group until his secondment arrangement for a term of two years since December 2013, in which he was appointed as general manager by The Hong Kong Institute for Promotion of Chinese Culture. Mr. Lin served as a director of Shenzhen GoodYear Enterprise Company Limited (深圳嘉年實業股份有限公司) from July 1998 to November 2000 and served as the deputy general manager from November 2000 to April 2003. The company was mainly engaged in the production of printed materials.

Mr. Lin obtained his bachelor of business administration in accounting from the Chinese University of Hong Kong in November 1978.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. Chan Man Hung (陳萬雄) ("Dr. MH Chan")**, aged 65, is the Company's independent non-executive Director. He was appointed as an independent non-executive Director on 11 May 2015. Dr. MH Chan currently holds positions in a number of organisations, namely, a council member of the Confucius Institute of Hong Kong Limited, a member of the committee of overseers of the Lee Woo Sing College of the Chinese University of Hong Kong since August 2011 and a member of the board of governors of the Chu Hai College of Higher Education (Hong Kong) since January 2013. Dr. MH Chan served as the managing director and chief editor from May 1988 to December 2003 of the Commercial Press (H.K.) Limited.

Dr. MH Chan was also the vice-chairman and president of the Sino United Publishing (Holdings) Limited from September 2003 to March 2013. Dr. MH Chan has also been serving as a member of the National Committee of the Chinese People's Political Consultative Conference since January 2008. In addition, Dr. MH Chan was appointed as a Hong Kong Affairs Advisor from April 1994 to April 1996 and May 1996 to June 1997. Dr. MH Chan was appointed by the Hong Kong Government as Justice of the Peace in July 2004.

Dr. MH Chan obtained his bachelor of arts in October 1973 and a master of philosophy in October 1975, both from the Chinese University of Hong Kong. Dr. MH Chan completed studies for his doctorate course (majoring in oriental history) at the Hiroshima University in March 1980. Dr. MH Chan obtained his doctor of philosophy from the University of Hong Kong in December 1990. In June 2007, Dr. MH Chan was conferred an award of honorary fellowship by the Hong Kong University of Science and Technology. Dr. MH Chan specializes in the history of modern Chinese culture and thought, and he has written a number of books on this subject since 1990s.

**Dr. Lai Wing Chueng (黎永昌) ("Dr. Lai")**, aged 65, is the Company's independent non-executive Director. He was appointed as an independent non-executive Director on 11 May 2015. Dr. Lai currently serves as a member of the audit sub-committee of the Hong Kong Housing Authority, a chairman of the PIPS Limited since February 2011, a board member of the Jao Tsung-I Academy since June 2011, independent non-executive directors of China Xintiandi Limited and China Xintiandi Holdings Company Limited, both wholly-owned subsidiaries of Shui On Land Limited (Stock Code: 272), since March 2013 and December 2013 respectively, and a member of the college council of the Centennial College since November 2012.

Since August 1996, Dr. Lai had served as an executive director at the Hong Kong Airport Authority in charge of finance and investment until he retired in May 2010. Dr. Lai was also the first vice chairman of the Hangzhou Xiaoshan International Airport Company Limited from December 2006 to April 2010, the chairman of Hong Kong-Zhuhai Airport Management Co Ltd from April 2006 to April 2010 and the vice chairman of Shanghai Hong Kong Airport Management Co. Ltd. from October 2009 to May 2010.

Dr. Lai obtained his bachelor of science degree from the State University of New York, Fredonia in August 1975, his master degree of business administration from the University of Toronto, Toronto in December 1976 and a honorary doctor degree of science from the State University of New York at Fredonia in May 2004.

**Mr. Lum Pak Sum (林柏森) ("Mr. Lum")**, aged 54, is the Company's independent non-executive Director. He was appointed as an independent non-executive Director on 11 May 2015. Mr. Lum has over 20 years' experience in the Hong Kong financial market. Mr. Lum has engaged in the securities and corporate finance business since July 1988 and September 2004 respectively. Currently, Mr. Lum is also a non-executive director of Orient Securities International Holdings Limited, an independent non-executive director of Great China Properties Holdings Limited, Beautiful China Holdings Company Limited and Shinhint Acoustic Link Holdings Limited, all of which are listed companies in Hong Kong, and an independent director of Asia Green Agriculture Corporation, which was a company trading on the Over-the-Counter Bulletin Board in the United States of America (currently privatised).

Mr. Lum obtained his master degree of business administration from The University of Warwick in July 1994 and his bachelor degree of laws from The University of Wolverhampton in October 2002. He has become a fellow of the Hong Kong Society of Accountants (now known as the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") since June 1996 and is currently a non-practicing member of the HKICPA. Mr. Lum was admitted as an associate and a fellow of the Association of Chartered Certified Accountants (previously known as the Chartered Association of Certified Accountants) in September 1988 and September 1993 respectively.

## SENIOR MANAGEMENT

**Mr. Wong To Yan (黃道恩) ("Mr. TY Wong")**, aged 37, joined the Group in March 2010 and has been the general manager of i-Control (China) Limited ("i-Control (China)") and 愛港超(上海)信息科技有限公司 ("i-Control (Shanghai)"), both of which are non-wholly owned subsidiaries of the Company, since then. Mr. TY Wong is responsible for the business operations of i-Control (China) and i-Control (Shanghai). Mr. TY Wong has over 15 years of sales and business development experience in the information technology and audiovisual industry.

Prior to joining the Group, Mr. TY Wong had already gained extensive experience in the sales of consumer electronics and audiovisual products. He joined NEC Hong Kong Limited as a sales engineer in April 2002 and served as an assistant manager when he left the company in July 2007. He was the sales manager of Logitech Asia Pacific Limited from July 2007 to February 2010. Both of the companies specialize in information and communication technology.

Mr. TY Wong obtained his bachelor of engineering in mechanical engineering (environmental engineering) from the University of Hong Kong in November 2000. He also completed a diploma in China commercial law at the Adult Education Centre of Shenzhen University in July 2002.

Mr. TY Wong is interested in 30% shareholding interest in i-Control (China).

**Mr. Wong Kan Fai Michael (黃勤輝) ("Mr. KF Wong")**, aged 47, has been serving the Group as financial controller since July 2010. He is responsible for monitoring and supervising the Group's finance department.

Mr. KF Wong embarked on his first career with the Group in November 1987, when he was employed as an accounts clerk. Throughout the years, Mr. KF Wong progressed along the career ladder and was promoted to the position of financial controller in July 2010.

Mr. KF Wong obtained his bachelor degree of business in November 2004 from Monash University through distance learning. In July 2009, he was admitted as a member of the CPA Australia.

**Mr. Sin Hing Yu Brian (冼慶餘) ("Mr. Sin")**, aged 40, has been the senior solution manager of i-Control Limited since April 2013. He is responsible for managing the commercial sales team. Mr. Sin joined the Group in January 1999 initially as a sales executive, and he has more than 16 years of experience in sales and business development in the audiovisual industry.

Mr. Sin obtained his bachelor of arts in international business administration in July 2005 from the University of Northumbria at Newcastle through distance learning.

**Mr. Poon King Hang (潘景衡) ("Mr. Poon")**, aged 39, has been the manager of Eduserve International since April 2006. Mr. Poon joined the Group as a sales engineer in July 1999 and he is responsible for managing the business operations of Eduserve International. Mr. Poon was a Certified Technology Specialist awarded by the International Communications Industries Association, Inc (currently known as the InfoComm International), an ANSI (American National Standards Institute) Accredited Standards Developer, where the certification programme is accredited under the ANSI/– ISO/IEC 17024. Mr. Poon has more than 16 years of experience in sales and project management in the audiovisual industry.

Mr. Poon obtained his bachelor of science in electronics from The Open University of Hong Kong in June 2009.

Mr. Poon is interested in 20% shareholding interest in Eduserve International.

## COMPANY SECRETARY

**Mr. Wong Yiu Leung (黃耀樑) ("Mr. YL Wong")**, aged 34, is the Company's company secretary. He was appointed as the Group's company secretary on 6 October 2014. Mr. YL Wong obtained his bachelor of business administration (Honours) in accountancy from City University of Hong Kong in October 2005 and has been a member of the Hong Kong Institute of Certified Public Accountants since February 2012. He worked for Deloitte Touche Tohmatsu from December 2011 to August 2013. He also worked for SHINEWING (HK) CPA Limited from August 2008 to November 2011. He has over 8 years of experience in accounting, auditing and tax consultancy field.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group would help to balance the interest of the shareholders, customers and employees of the Company. The board of directors (the "**Board**") of the Company has adopted the principles and the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the GEM Listing Rules, the Company has established an audit committee, a nomination committee and a remuneration committee with specific written terms of reference.

During the period from the date of Listing (the "**Listing Date**") and up to the date of this annual report (the "**Period**"), the Company has complied with the CG Code as set out in Appendix 15 of the GEM Listing Rules.

## SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company, having made specific enquiry of all Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the Period.

## BOARD OF DIRECTORS

Up to the date of this annual report, the Board comprises eight directors, including three executive Directors, two non-executive Directors and three independent non-executive Directors. Details of their composition by category are as follows:

*Executive directors*

Mr. Tong Sai Wong (appointed on 21 August 2014 and designated as Chairman and executive Director on 11 May 2015)
Mr. Chan Wing Yiu (appointed on 21 August 2014 and designated as executive Director on 11 May 2015)
Mr. Chan Wing Lun (appointed on 21 August 2014 and designated as executive Director on 11 May 2015)

*Non-executive directors*

Dr. Wong King Keung (appointed on 21 August 2014 and designated as non-executive Director on 11 May 2015)
Mr. Lin Wing Ching (appointed on 21 August 2014 and designated as non-executive Director on 11 May 2015)

*Independent non-executive directors*

Dr. Chan Man Hung (appointed on 11 May 2015)
Dr. Lai Wing Chueng (appointed on 11 May 2015)
Mr. Lum Pak Sum (appointed on 11 May 2015)

The biographical details of all Directors are set out on pages 10 to 13 of this annual report. To the best knowledge of the Company, save as disclosed under the section headed "Directors and Senior Management", there are no financial, business, family or other material or relevant relationships among members of the Board.

## FUNCTIONS OF THE BOARD

The principal functions of the Board include:

– reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;

– approving major acquisitions or disposals, corporate or financial restructuring, issuance of the Company's shares ("**Shares**") and other equity or debt instruments, payment of dividends and other distribution to the Group's shareholders;

– assessing the risks facing the Group and reviewing and implementing appropriate measures to manage such risks;

– selecting and evaluating the performance and compensation of key management executives;

– approving nominations to the Board;

– reviewing and endorsing the recommended framework of remuneration of the Board and key management executives by the Remuneration Committee; and

– assuming overall responsibility for corporate governance.

According to the code provision C.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the Period, the executive Directors have provided, and will continue to provide, to all non-executive Directors updates on any material changes to the position and prospects of the Company, which are considered to be sufficient to provide general updates of the Company's performance, position and prospects to the Board and allow them to give a balanced and understandable assessment of the same to serve the purpose required by the code provision C.1.2.

### Board meetings and board practices

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**"). All minutes of the Board meetings were recorded in sufficient detail the matters considered by the Board and the decisions reached.

During the Period, one board meeting was held. Details of the attendance of Directors are as follows:

| Directors | Attendance/ Number of Board Meetings entitled to attend |
|---|---|
| **Executive Directors** | |
| Mr. Tong Sai Wong | 1/1 |
| Mr. Chan Wing Yiu | 1/1 |
| Mr. Chan Wing Lun | 1/1 |
| **Non-Executive Directors** | |
| Dr. Wong King Keung | 0/1 |
| Mr. Lin Wing Ching | 1/1 |
| **Independent Non-Executive Directors** | |
| Dr. Chan Man Hung | 1/1 |
| Dr. Lai Wing Chueng | 1/1 |
| Mr. Lum Pak Sum | 1/1 |

## Appointment and re-election of directors

The current Articles provide that subject to the manner of retirement by rotation of directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

Under the code provision A.4.1 of the CG Code, the non-executive Directors should be appointed for a specific term. Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company for an initial term of two years commencing from 27 May 2015 subject to early removal from office in accordance with the Articles, and subject to the retirement and re-election provisions in the Articles.

## Continuing professional development

According to the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

During the year ended 31 March 2015, all the Directors have participated in continuous professional development and the relevant details are set out below:

| Directors | Self study/ reading materials/etc. | Attending course/ seminar/ conference/ forum/in-house briefing |
|---|---|---|
| **Executive Directors** | | |
| Mr. Tong Sai Wong | ✓ | ✓ |
| Mr. Chan Wing Yiu | ✓ | ✓ |
| Mr. Chan Wing Lun | ✓ | ✓ |
| **Non-Executive Directors** | | |
| Dr. Wong King Keung | ✓ | ✓ |
| Mr. Lin Wing Ching | ✓ | ✓ |
| **Independent Non-Executive Directors** | | |
| Dr. Chan Man Hung | ✓ | ✓ |
| Dr. Lai Wing Chueng | ✓ | ✓ |
| Mr. Lum Pak Sum | ✓ | ✓ |

### Independent non-executive directors

The Company has three independent non-executive Directors to comply with Rule 5.05 of the GEM Listing Rules. Furthermore, among the three independent non-executive Directors, Mr. Lum Pak Sum has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules.

In accordance to Rule 5.09 of the GEM Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his independence. The Company, based on such confirmations, considers Dr. Chan Man Hung, Dr. Lai Wing Chueng and Mr. Lum Pak Sum to be independent.

### Chairman and chief executive

In accordance to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Currently, Mr. Tong Sai Wong, the Chairman, is responsible for managing the Group's business development and devising the business strategies. The day-to-day operations of the Group are delegated to the other executive Directors and relevant management responsible for different aspects of the business.

## BOARD COMMITTEES

To assist the board in its work, the Board is assisted by three board committees, namely the audit committee, the remuneration committee and the nomination committee, which are sufficiently resourced to fulfil their roles and their terms of reference have been approved by the Board and are available for review on the Company's website *(www.i-control.com.hk)* and the GEM's website *(www.hkgem.com)*.

### Audit committee

The board has established an audit committee (the "**Audit Committee**") on 11 May 2015, which operates under terms of reference approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the initial establishment and the maintenance of a framework of internal controls and ethical standards for the Group's management to the Audit Committee.

The Audit Committee currently comprises three independent non-executive Directors, namely Dr. Chan Man Hung, Dr. Lai Wing Chueng and Mr. Lum Pak Sum. Mr. Lum Pak Sum is the chairman of the Audit Committee.

According to the current terms of reference, meetings of the Audit Committee shall be held at least twice a year.

One Audit Committee meeting was held during the Period. The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 March 2015 and the attendance record of each member of the Audit Committee meeting is set out as follows:

| Members | Attendance/ Number of Audit Committee meetings to attend |
|---|---|
| Mr. Lum Pak Sum *(Chairman)* (appointed on 11 May 2015) | 1/1 |
| Dr. Chan Man Hung (appointed on 11 May 2015) | 1/1 |
| Dr. Lai Wing Chueng (appointed on 11 May 2015) | 1/1 |

### Remuneration committee

The Board has established a remuneration committee (the "**Remuneration Committee**") on 11 May 2015, which operates under terms of reference approved by the Board. The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Group's key management executives. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, the nature and amount of Directors' and senior management's emoluments, and the Company's financial and operational performance, with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality board and executive team.

The Remuneration Committee currently comprises three independent non-executive Directors, namely Dr. Chan Man Hung, Dr. Lai Wing Chueng and Mr. Lum Pak Sum. Dr. Chan Man Hung is the chairman of the Remuneration Committee.

One Remuneration Committee meeting was held during the Period. The Remuneration Committee has reviewed the remuneration packages of all the Directors and senior management of the Company. Details of the attendance of the members of the Remuneration Committee meeting are as follows:

| Members | Attendance/ Number of Remuneration Committee meetings to attend |
|---|---|
| Dr. Chan Man Hung *(Chairman)* (appointed on 11 May 2015) | 1/1 |
| Dr. Lai Wing Chueng (appointed on 11 May 2015) | 1/1 |
| Mr. Lum Pak Sum (appointed on 11 May 2015) | 1/1 |

## Remuneration policy

The remuneration policy of the Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable.

Remuneration package typically comprises salary, contribution to pension schemes and discretionary bonuses relating to the profit of the relevant company.

The Remuneration Committee will review annually the remuneration of all Directors to ensure that it is attractive enough to attract and retain a competent team of executive members

The Directors receive remuneration in the form of salaries, allowances, benefits in kind, discretionary bonuses, retirement scheme contributions and share-based payments made on their behalf.

The Director's fee for each of the Directors is subject to the Board's review from time to time in its discretion after taking into account the recommendation of the Remuneration Committee. The remuneration package of each of the Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within the Group. The Directors are entitled to statutory benefits as required by law from time to time such as pension.

## Nomination committee

The Board has established a nomination committee (the "**Nomination Committee**") on 11 May 2015, which operates under terms of reference approved by the Board. The Nomination Committee is responsible for making recommendations to the Board regarding candidates to fill vacancies in the Board, as well as the management of the Board succession. The Nomination Committee will, taking account of various factors including, but not limited to, age spread of individual Directors and the Group's business development progress, conduct annual reviews in relation to the composition of the Board. It will also make annual enquiries of the existing Directors as to the status of their individual retirement plans, if any. Should any of the Directors indicate a plan to retire, the Nomination Committee, with the assistance of the staff of the Group responsible for human resources, will start to identify potential candidates, whether within the Group or otherwise, with the appropriate background and expertise to join the Board.

The Nomination Committee currently comprises three independent non-executive Directors, namely Dr. Chan Man Hung, Dr. Lai Wing Chueng and Mr. Lum Pak Sum. Dr. Lai Wing Chueng is the chairman of the Nomination Committee.

One Nomination Committee meeting was held during the Period. Details of the attendance of the members of the Nomination Committee meeting are as follows:

| Members | Attendance/ Number of Nomination Committee meetings to attend |
|---|---|
| Dr. Lai Wing Chueng *(Chairman)* (appointed on 11 May 2015) | 1/1 |
| Dr. Chan Man Hung (appointed on 11 May 2015) | 1/1 |
| Mr. Lum Pak Sum (appointed on 11 May 2015) | 1/1 |

## ACCOUNTABILITY AND AUDIT

### Directors' and auditor's responsibilities for the combined financial statements

All Directors acknowledge their responsibility to prepare the Group's combined financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the combined financial statements for the year ended 31 March 2015, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the combined financial statements of the Group on a going concern basis.

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 combined financial statements is set out in the Independent Auditor's Report.

The Directors continue to adopt the going concern approach in preparing the combined financial statements and 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.

### Auditor's remuneration

During the year ended 31 March 2015, the remuneration paid or payable to the Company's auditor, SHINEWING (HK) CPA Limited, in respect of their audit and non-audit services was as follows:

| | HK$ |
|---|---|
| Audit service | 490,000 |
| Non-audit services (being Report Accountant in relation to the Listing) | 2,865,000 |
| Total | 3,355,000 |

## BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. The Company has therefore adopted a board diversity policy which sets out the approach to achieve and maintain diversity on the Board.

Pursuant to the policy, the Nomination Committee seeks to achieve Board diversity through the consideration of a number of factors, including but not limited the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee reviews and assesses the composition of the Board and makes recommendations to the Board on appointment of new Directors. The Nomination Committee also oversees the conduct of the annual review of the effectiveness of the Board.

In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, those described above, in order to maintain an appropriate range and balance of talents, skills, experience and background on the Board.

In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

In overseeing the conduct of the annual review of the effectiveness of the Board, the Nomination Committee will consider the balance of talents, skills, experience, independence and knowledge on the Board and the diversity representation of the Board.

### Measurable objectives

The Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

### Monitoring and reporting

The Nomination Committee will report annually, in the corporate governance report of the Company, on the process it has used in relation to Board appointments.

### Review of the policy

The Nomination Committee will review the policy annually, which will include an assessment of the effectiveness of the policy. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

## Internal control

The Board acknowledges its responsibility for the effectiveness of the Group's internal control systems. The Company has reviewed the effectiveness of the system of internal control of the Group, covering all material controls, including financial and operation for the year ended 31 March 2015. As disclosed in the Company's prospectus dated 14 May 2015, the Company has established a corporate governance department to conduct periodic internal control reviews and legal compliance reviews on the Group's operations and to present its reports, including any remedial plans, if deemed necessary or appropriate, to the Audit Committee for consideration. Under this system, the Audit Committee, after due consideration, will present its recommendations on such remedial plans to the Board, which would make the final decision on the implementation of such remedial plans.

## Investors and shareholders relations

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include (i) the publication of quarterly, interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the websites of GEM and the Company; (iv) the Company's website offering communication channel between the Company and its shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the shareholders in respect of all share registration matters.

The Company aims to provide its shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear, detailed, timely manner and on a regular basis information of the Group to shareholders through the publication of quarterly, interim and annual reports and/or dispatching circulars, notices, and other announcements.

The Company strives to take into consideration its shareholders' views and inputs, and address shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer shareholders' questions on the Group's businesses at the meeting. To comply with code provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by shareholders. According to Article 64 of the Articles, 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 can call for an extraordinary general meeting. Such requisition shall be made in writing to the Board or the 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.

If a shareholder wishes to propose a person (the "**Candidate**") for election as a director of the Company at a general meeting, he/she shall deposit a written notice (the "**Written Notice**") to the Company's principal place of business in Hong Kong at Units A&B, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

The Written Notice (i) must include the personal information of the Candidate as required by Rule 17.50(2) of the GEM Listing Rules; and (ii) must be signed by the shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of the publication of his/her personal information.

The period for lodgment of the Written Notice shall commence on the day after the dispatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

In order to ensure the Company's shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a director of the Company without adjourning the general meeting, shareholders are urged to submit and lodge the Written Notice as early as practicable preferably at least 15 business days prior to the date of the general meeting appointed for such election.

In order to promote effective communication, the Company also maintains website *(www.i-control.com.hk)* which includes the latest information relating to the Group and its businesses.

### Company secretary

Mr. Wong Yiu Leung has been appointed as the company secretary of the Company with effect from 6 October 2014 and the Authorised Representative with effect from 11 May 2015. He is a certified public accountant as defined in the Professional Accountants Ordinance. Mr. Wong Yiu Leung has confirmed that he has taken no less than 15 hours of relevant professional training during the year ended 31 March 2015.

## SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There were no significant changes in the constitutional documents of the Company for the Period.

# REPORT OF THE DIRECTORS

The directors of the Company (the "**Directors**") submit herewith their report together with the audited combined financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 March 2015.

## Corporate reorganisation and placing

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Island (the "**Companies Law**") on 21 August 2014. Pursuant to a reorganisation to rationalise the group structure in preparation for the listing of the issued ordinary shares of HK$0.01 each in the capital of the Company on the GEM, the Company became the holding company of the Group. Details of the Reorganisation are set out in the Prospectus. The Company's shares (the "**Shares**") were listed on GEM (the "**Listing**") on 27 May 2015.

## Principal place of business in Hong Kong

The Company is a limited liability company incorporated in the Cayman Islands and its principal place of business in Hong Kong is Units A&B, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

## Principal activities

The principal activities of the Group comprise video conferencing and multimedia audio-visual solutions including installation services and the provision of audio-visual maintenance services. The principal activities and other particulars of the subsidiaries of the Company are set out in note 1 to the combined financial statements.

## Results

The results of the Group for the financial year ended 31 March 2015 and the state of affairs of the Group as at that day are set out in the combined financial statements on pages 53 to 101.

## Dividend

Pursuant to the resolution of i-Control (ITAV) Limited ("**i-Control ITAV**") passed on 5 February 2015, an interim dividend amount of HK$8,780,000 was declared and paid by i-Control ITAV to its then shareholders. During the year ended 31 March 2014, the dividend represents the dividends paid by the Company's subsidiaries to their then shareholders amounting to approximately HK$30,922,000.

The board of Directors (the "**Board**") does not recommend the payment of a final dividend for the year ended 31 March 2015.

## Annual general meeting

The forthcoming annual general meeting (the "**Annual General Meeting**") of the Company is scheduled to be held on 23 July 2015. A notice convening the Annual General Meeting will be issued and dispatched to shareholders of the Company (the "**Shareholders**") on 23 June 2015.

The register of members of the Company will be closed from 21 July 2015 to 23 July 2015 (both dates inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 20 July 2015.

## Deed of non-competition

A deed of non-competition (the "**Deed of Non-competition**") dated 11 May 2015 was entered into by Newmark Group Limited, a limited liability company incorporated in the British Virgin Islands, Dr. Wong King Keung, Mr. Tong Sai Wong, Mr. Chan Wing Yiu, and Mr. Chan Wing Lun in favour of the Company (for the Company and for the benefit of its subsidiaries) regarding non-competition undertakings. The details of the Deed of Non-competition have been disclosed in the Prospectus under the section headed "Relationship with Controlling Shareholders".

## Use of proceeds from the Company's placing

The net proceeds from the Company's issue of 250,000,000 new shares at the placing price of HK$0.36 per share at the time of the Listing, after deducting the underwriting fees and other expenses to be borne by the Company, are estimated to be approximately HK$66.3 million. The Group intends to apply such net proceeds as follows:

| | |
|---|---|
| To expand the sales and marketing department in Hong Kong | 17.3% or HK$11.5 million |
| To acquire a warehouse in Hong Kong | 49.3% or HK$32.7 million |
| To set up new regional offices with showrooms in Beijing, Shanghai and Singapore | 20.7% or HK$13.7 million |
| To carry out marketing and promotion in Hong Kong, the PRC and Singapore | 3.6% or HK$2.4 million |
| General working capital | 9.1% or HK$6.0 million |

As the date of this annual report, the Directors do not anticipate any change to the plan as to use of proceeds. Up to the date of this annual report, approximately HK$1.3 million has been paid on 11 June 2015 as a deposit in respect of the proposed acquisition of certain warehouse premises and a carpark space out of the net proceeds from the Listing. As at the date of this report, the unused net proceeds were placed with banks in Hong Kong.

## Major customers and suppliers

During the year ended 31 March 2015, the Group's five largest customers accounted for approximately 30.7% of the revenue. The Group's five largest suppliers accounted for approximately 31.2% of the total purchases for the year ended 31 March 2015. In addition, the Group's largest customer accounted for approximately 8.4% of the revenue and the Group's largest supplier accounted for approximately 7.5% of the total purchases for the year ended 31 March 2015.

As far as the Company is aware, as at the date of this annual report, save for an insignificant amount of shares in one of the above customers, which is a company whose shares are listed on the Stock Exchange, held for passive investment purpose from time to time, none of the Directors, their close associates nor any shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in the Group's customers and suppliers as disclosed above.

## Reserves

Details of movements in the reserves of the Group and of the Company during the year ended 31 March 2015 are set out in the combined statement of changes in equity and statement of changes in equity respectively in this annual report.

## Distributable reserves

As at 31 March 2015, there was no reserve available for distribution to the Shareholders.

## Property and equipment

Details of movements in the property and equipment of the Group are set out in note 15 to the combined financial statements in this annual report.

## Share capital

Details of movements in the share capital of the Company during the year ended 31 March 2015 are set out in note 8 to the financial statements and note 28 to the combined financial statements in this annual report.

## Directors

Up to the date of this annual report, the Directors were:

### *Executive directors*

Mr. Tong Sai Wong (appointed on 21 August 2014 and designated as Chairman and an executive Director on 11 May 2015)
Mr. Chan Wing Yiu (appointed on 21 August 2014 and designated as an executive Director on 11 May 2015)
Mr. Chan Wing Lun (appointed on 21 August 2014 and designated as an executive Director on 11 May 2015)

### *Non-executive directors*

Dr. Wong King Keung (appointed on 21 August 2014 and designated as a non-executive Director on 11 May 2015)
Mr Lin Wing Ching (appointed on 21 August 2014 designated as a non-executive Director on 11 May 2015)

### *Independent non-executive directors*

Dr. Chan Man Hung (appointed on 11 May 2015)
Dr. Lai Wing Chueng (appointed on 11 May 2015)
Mr. Lum Pak Sum (appointed on 11 May 2015)

Further details of the Directors are set forth in the section headed "Directors and Senior Management" of this annual report.

By virtue of article 108(a) of the Articles, Mr. Tong Sai Wong, Mr. Chan Wing Yiu and Mr. Chan Wing Lun shall retire from office by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

## Directors' service contracts

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company for an initial term of two years commencing from 27 May 2015 subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles.

None of the Directors (including those proposed for re-election at the Annual General Meeting) has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## Share option scheme

The following is a summary of the principal terms of the share option scheme adopted under the written resolutions of the shareholders of the Company passed on 11 May 2015 ("**Share Option Scheme**") and the terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

### *(a) Purpose*

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group.

### *(b) Participants of the share option scheme*

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for the Company's shares:

(a) any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Company, any of the subsidiaries or any entity (the "**Invested Entity**") in which the Company holds an equity interest;

(b) any non-executive Directors (including independent non-executive Directors), any of our subsidiaries or any Invested Entity;

(c) any supplier of goods or services to any members of the Group or any Invested Entity;

(d) any customer of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and

(f) any Shareholders or any shareholder of any of its subsidiaries or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity,

and for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Company to any person who falls within any of the above classes of participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The basis of eligibility of any of the above classes of participants to the grant of any options shall be determined by the Directors from time to time on the basis of the participants' contribution to the development and growth of the Group. In order for a person to satisfy the Directors that he is qualified to be (or where applicable, continues to qualify to be) a participant, such person shall provide all such information as the Directors may request for the purpose of assessing his eligibility (or continuing eligibility).

*(c) Total number of shares available for issue under the share option scheme*

The maximum number of shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company (excluding, for this purpose, shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of the shares in issue as at the Listing Date.

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Company must not in aggregate exceed 30% of the share capital of the Company in issue from time to time.

Up to the date of this annual report, there is no option under the Share Option Scheme outstanding, granted, exercised, cancelled and lapsed.

As at the date of this annual report, the outstanding number of options available for grant under the Share Option Scheme is such number of options, upon exercise, representing 10% of the issued share capital of the Company.

*(d) Maximum entitlement of each participant and connected persons*

The total number of shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue.

Each grant of options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) and the shareholders of the Company in a general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting.

*(e) The basis of determining the exercise price of option*

The subscription price of a Share in respect of any option granted under the Share Option Scheme, subject to any adjustments made in accordance with the Share Option Scheme, shall be such price as the Board in its absolute discretion shall determine, provided that such price shall not be less than the highest of:

(i) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five Business Days immediately preceding the date of grant of the option (which must be a Business Day);

(ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (which must be a Business Day); and

(iii) the nominal value of the Shares.

*(f) Acceptance and payment on acceptance of option offer*

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option.

A consideration of HK$1.00 is payable on acceptance of the offer of the grant of an option.

*(g) Period of the share option scheme*

Unless terminated by the Company by resolution in general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme becomes unconditional.

## DISCLOSURE OF INTERESTS

**(a) Interests and short position of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or the associated corporations.**

As the Company was not listed on GEM as at 31 March 2015, 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 executives of the Company as at 31 March 2015.

As at the date of this annual report, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required as otherwise to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

*(i) Interests in the company*

| Name of Director | Capacity/ Nature of interest | Number of Shares *(note 1)* | Approximate percentage of Shares |
|---|---|---|---|
| Dr. Wong King Keung ("**Dr. Wong**") | Beneficial owner | 92,640,000 | 9.26% |
| | Interest of controlled corporation *(note 2)* | 510,000,000 | 51.00% |
| Mr. Tong Sai Wong ("**Mr. Tong**") | Beneficial owner | 47,520,000 | 4.75% |
| Mr. Chan Wing Yiu ("**Mr. WL Chan**") | Beneficial owner | 47,520,000 | 4.75% |
| Mr. Chan Wing Lun ("**Mr. WY Chan**") | Beneficial owner | 47,520,000 | 4.75% |
| Mr. Lin Wing Ching ("**Mr. Lin**") | Beneficial owner | 4,800,000 | 0.49% |

*Notes:*

(1) All interest stated are long positions.

(2) These Shares were, and (as the case may be) will be, held by Newmark Group, which is owned as to 38.6% by Dr. Wong. Pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, Dr. Wong is deemed to have an interest in all Shares in which Newmark Group has, or deemed to have, an interest.

*(ii) Interests in associated corporation(s) of the company*

| Name of Director | Name of associated corporation | Capacity/ Nature of interest | Number of shares | Percentage of shareholding |
|---|---|---|---|---|
| Dr. Wong | Newmark Group | Beneficial interests | 386 shares | 38.60% |
| Mr. Tong | Newmark Group | Beneficial interests | 198 shares | 19.80% |
| Mr. WL Chan | Newmark Group | Beneficial interests | 198 shares | 19.80% |
| Mr. WY Chan | Newmark Group | Beneficial interests | 198 shares | 19.80% |
| Mr. Lin | Newmark Group | Beneficial interests | 20 shares | 2.00% |

Save as disclosed above, as at the date of this annual report, none of the Directors and chief executive of the Company had any interests and short positions in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or (iii) which were otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

**(b) Interests and short positions of the substantial shareholders in the shares and underlying shares**

Save as disclosed above, as at the date of this annual report, the Directors and chief executive are not aware of any person, other than a Director or chief executive of the Company, who has an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

## Directors' right to acquire shares

Save as disclosed in this annual report, at no time since the Listing Date was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

## Sufficiency of public float

From the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the public float as required by the GEM Listing Rules up to the date of this annual report.

## Remuneration of directors and five individuals with highest emoluments

Details of the emoluments of the Directors and five individuals with the highest emoluments are set out in note 13 to the combined financial statements in this annual report. No Director has waived or has agreed to waive any emolument during the year ended 31 March 2015.

## Directors' interests in contracts of significance

Save as otherwise disclosed, no contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2015.

## Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2015.

## Controlling shareholders' interests in contracts of significance

No contract of significance to which the Company, its holding companies, or any of its subsidiaries was a party, and in which the controlling shareholders' of the Company had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2015.

## Directors' interests in competing business

As at 31 March 2015, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## Bank loans and other borrowings

Particulars of bank loans and other borrowings of the Group as at 31 March 2015 are set out in note 26 to the combined financial statements in this annual report.

## Retirement benefits plans

Particulars of retirement benefits plans of the Group as at 31 March 2015 are set out in note 32 to the combined financial statements in this annual report.

## Confirmation of independence

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors were independent during the period from their respective appointments and up to the date of this annual report.

## Connected transactions

The related party transactions of the Company are set out in note 34 to the combined financial statements in this annual report. The related party transactions of the Company did not constitute connected transactions or continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules.

## Pre-emptive rights

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

## Purchase, sale or redemption

As the shares of the Company were not yet listed on the GEM as at 31 March 2015, the Company is not required to disclose the details of purchase, sale or redemption of the Shares in accordance with Rule 18.14 of the GEM Listing Rules.

## Interests of compliance adviser

As notified by the Company's compliance adviser, Pan Asia Corporate Finance Limited ("**Pan Asia**"), neither Pan Asia 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) 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 entered into between the Company and Pan Asia in May 2015) as at the date of this annual report.

## Corporate governance

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 15 to 24 of this annual report.

## Financial summary

A summary of the results and of the assets and liabilities of the Group is set out in the three years financial summary on page 102 of this annual report.

### Events after the reporting period

Details of significant events occurring after the reporting period are set out in note 37 to the combined financial statements in this annual report.

### Auditor

The financial statements for the year ended 31 March 2015 have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

From the incorporation of the Company and up to the date of this annual report, there has been no change in the Company's auditor.

By order of the Board
**Tong Sai Wong**
*Chairman*

Hong Kong, 17 June 2015

# INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S FINANCIAL STATEMENTS

信永中和
ShineWing

**SHINEWING** (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

**TO THE MEMBERS OF i-CONTROL HOLDINGS LIMITED**
**超智能控股有限公司**
*(incorporated in the Cayman Islands with limited liability)*

We have audited the financial statements of i-Control Holdings Limited (the "Company") set out on pages 36 to 50, which comprise the statement of financial position as at 31 March 2015, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 21 August 2014 (date of incorporation) to 31 March 2015, and a summary of significant accounting policies and other explanatory information.

## Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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 financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 March 2015 and results and cash flows for the period from 21 August 2014 (date of incorporation) to 31 March 2015 then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**SHINEWING (HK) CPA Limited**
*Certified Public Accountants*
**Pang Wai Hang**
Practising Certificate Number: P05044

Hong Kong
17 June 2015

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 21 August 2014 (date of incorporation) to 31 March 2015

| | *Note* | HK$ |
|---|---|---|
| Revenue | | – |
| Other operating expenses | | – |
| Profit before taxation | | – |
| Income tax expenses | | – |
| Profit and other comprehensive income for the period | *6* | – |

# STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

| | Note | HK$ |
|---|---|---|
| **Current asset** | | |
| Cash balance | | 7,500 |
| **Net asset** | | 7,500 |
| **Capital and reserves** | | |
| Share capital | *8* | 7,500 |
| | | 7,500 |

The financial statements on pages 36 to 50 were approved and authorised for issue by the board of directors on 17 June 2015 and are signed on its behalf by:

**Tong Sai Wong**
*Director*

**Chan Wing Yiu**
*Director*

# STATEMENT OF CHANGES IN EQUITY

For the period from 21 August 2014 (date of incorporation) to 31 March 2015

| | Share capital HK$ |
|---|---|
| Issue of ordinary shares as at 21 August 2014 | 7,500 |
| At 31 March 2015 | 7,500 |

# STATEMENT OF CASH FLOWS

For the period from 21 August 2014 (date of incorporation) to 31 March 2015

| | HK$ |
|---|---|
| FINANCING ACTIVITIES | |
| NET CASH FROM FINANCING ACTIVITIES | |
| Issue of ordinary shares | 7,500 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS OF THE PERIOD, represented by cash balances | 7,500 |

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands on 21 August 2014 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the registered office and the principal place of business of the Company are detailed in the section headed "**Corporate Information**" to the annual report.

Pursuant to a group reorganisation (the "**Reorganisation**") of the Company and its subsidiaries (collectively referred to as the "**Group**") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**"), the Company acquired the equity interests of entities under common control and became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation were set out in the prospectus of the Company dated 14 May 2015 (the "**Prospectus**").

The Group have been under the control and beneficially owned by Dr. Wong King Keung, Mr. Chan Wing Yiu, Mr. Tong Sai Wong and Mr. Chan Wing Lun (the "**Controlling Shareholders**") and Mr. Lin Wing Ching. The Company is engaged in investment holding. Details of the principal subsidiaries now comprising the Group are set out in note 9.

The financial statements are presented in Hong Kong Dollars which is also the functional currency of the Company.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Company has applied all the HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and interpretations ("Int(s)") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") which are effective for the Company's financial year beginning on 1 April 2014.

### Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the combine financial statements.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

The Company has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010-2012 Cycle[1] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011-2013 Cycle[1] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2012-2014 Cycle[1] |
| HKFRS 9 (2014) | Financial Instruments[5] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exceptions[2] |
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations[2] |
| HKFRS 14 | Regulatory Deferral Accounts[2] |
| HKFRS 15 | Revenue from Contracts with Customers[4] |
| Amendments to HKAS 1 | Disclosure Initiative[2] |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptance Methods of Depreciation and Amortisation[2] |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants[2] |
| Amendments to HKAS 19 | Defined Benefit Plans – Employee Contributions[1] |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements[1] |
| Amendments to HKFRS10 and HKAS 28 | Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |

1 Effective for annual periods beginning on or after 1 July 2014, w earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 June 2016, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

### Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

### Annual Improvements to HKFRSs 2010-2012 Cycle (Continued)

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Company's financial statements.

### Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

### Annual Improvements to HKFRSs 2011-2013 Cycle (Continued)

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Company's financial statements.

### Annual Improvement to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Company's financial statements.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

### HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

### HKFRS 9 (2014) Financial Instruments (Continued)

HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

### HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Company performs a detailed review.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

**Amendments to HKAS 1 Disclosure Initiative**

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Company's financial statements.

Except as described above, the directors of the Company anticipate that the application of the other new and revised HKFRSs that have been issued but are not yet effective will have no material impact on the Company's financial performance and position and/or disclosures set out in the financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including bank balances and cash) are carried at amortised cost using the effective interest method.

Financial liabilities and equity instruments

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

The financial liabilities are classified into other financial liabilities.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

**Cash and cash equivalents**

Bank balances and cash in the statements of financial position comprise cash on hand. For the purpose of the statements of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

## 4. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged during the period.

The capital structure of the Company consists of equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, the Company will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debt.

## 5. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

| | HK$ |
|---|---|
| **Financial assets** | |
| Cash balance | 7,500 |

## 5. FINANCIAL INSTRUMENTS (Continued)

### (b) Financial risk management objectives and policies

The Company's major financial instruments include cash balance. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include liquidity risk. The policies on how to mitigate this risk are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Liquidity risk**

In the management of the liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

## 6. PROFIT FOR THE PERIOD

| | HK$ |
|---|---|
| Profit for the period has been arrived at after charging (crediting): | |
| Auditor's remuneration | – |
| Director's emolument | – |

The auditor's remuneration for the period was borne by its subsidiary.

## 7. DIVIDEND

No dividend has been paid or declared by the Company during the period ended 31 March 2015.

## 8. SHARE CAPITAL

| | Number of share | Share capital HK$ |
|---|---|---|
| Authorised | | |
| Ordinary share of HK$0.1 each as at date of incorporation *(Note a)* | 3,800,000 | 380,000 |
| Subdivision of HK$0.1 each share into 10 shares of HK$0.01 each *(Note c)* | 34,200,000 | – |
| | 38,000,000 | 380,000 |
| Issued and fully paid | | |
| Ordinary share of HK$0.1 each at the date of incorporation *(Note a)* | 1 | – |
| Issued and allotted during the period *(Note b)* | 74,999 | 7,500 |
| Subdivision of HK$0.1 each share into 10 shares of HK$0.01 each *(Note c)* | 675,000 | – |
| | 750,000 | 7,500 |

## 8. SHARE CAPITAL (Continued)

*Notes:*

(a) On 21 August 2014, the authorised share capital of the Company was HK$380,000 divided into 3,800,000 shares of HK$0.10 each. At the date of incorporation, one share of HK$0.1 was allotted and issued.

(b) On 21 August 2014, 74,999 shares of HK$0.1 each were allotted and issued as fully paid.

(c) On 6 October 2014, each of the then existing issued and unissued shares of HK$0.1 each in the share capital of the Company was subdivided into ten shares of HK$0.01 each.

(d) On 11 May 2015, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares to HK$20,000,000 into 2,000,000,000 shares.

(e) On 11 May 2015, the Company acquired the entire interests in i-Control (ITAV) Limited in consideration of and in exchange for which the Company allotted and issued 750,000 shares in aggregate, credited as fully paid, to Newmark Group Limited, the Controlling Shareholders and Mr. Lin Wing Ching.

(f) On 11 May 2015, pursuant to the resolution of the then shareholder to the Company, it was approved to issue 748,500,000 ordinary shares of HK$0.01 each to the shareholders by way of capitalisation of HK$7,485,000 from the share premium account arising from the placing of 250,000,000 ordinary shares of the Company. Such shares were issued on 26 May 2015, being the date of completion of placing.

(g) On 26 May 2015, the Company issued a total of 250,000,000 ordinary shares HK$0.01 each at a price of HK$0.36 per share as a result of the completion of the placing. Of the gross total proceeds from placing of HK$90,000,000, HK$2,500,000, representing the par value credit to the Company's share capital, and HK$87,500,000, before the share issue expenses, were credited to the share premium account. The Company's total number of issued shares was increased to 1,000,000,000 shares upon completion of placing.

## 9. EVENTS AFTER THE REPORTING PERIOD

### (a) Reorganisation

The companies comprising the Group underwent a reorganisation to rationalise the Group's structure in preparation for the listing of the Company's shares on the GEM of the Stock Exchange. Details of the Reorganisation are set out in the section headed "Group Reorganisation" in Appendix VI to the Prospectus. As a result of the Reorganisation, the Company became the holding company of the Group on 11 May 2015.

On 11 May 2015, the Company completed the Reorganisation in preparation of the Listing. Details of the companies have become subsidiaries of the Company since 11 May 2015 are set out as below.

Details of the company have become subsidiaries of the Company:

| Name of subsidiaries | Place and date of incorporation/ establishment | Issued and fully paid share capital/ registered capital | Percentage of equity interest attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| i-Control (ITAV) Limited | British Virgin Islands ("BVI") 17 June 2014 | Ordinary Shares United State Dollar ("USD") 7 | 100% | – | Investment holding |
| i-Control Consultancy Limited | BVI 17 June 2014 | Ordinary Shares USD1 | – | 100% | Corporate consultancy and support |
| i-Control Limited | Hong Kong 25 October 1999 | Ordinary Shares Hong Kong Dollar ("HK$") 2,500,000 | – | 100% | Professional audio visual system integrator |

## 9. EVENTS AFTER THE REPORTING PERIOD (Continued)

### (a) Reorganisation (Continued)

| Name of subsidiaries | Place and date of incorporation/ establishment | Issued and fully paid share capital/ registered capital | Percentage of equity interest attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| I-CONTROL (ITAV) PTE. LTD. | Singapore 4 September 2014 | Ordinary Shares Singapore dollar ("SGD") 1,000 | – | 100% | Professional audio visual system integrator |
| Eduserve International Limited | Hong Kong 8 April 1987 | Ordinary Shares HK$3,000,000 | – | 80% | Professional audio visual system integrator |
| i-Control (China) Limited | Hong Kong 30 November 2009 | Ordinary Shares HK$1,800,000 | – | 70% | Professional audio visual system integrator |
| i-Control (Shanghai) Information Technology Co. Ltd 愛港超(上海)信息科技有限公司 | The People's Republic of China ("PRC") 30 March 2010 | Registered Capital Renminbi ("RMB") 1,000,000 | – | 70% | Professional audio visual system integrator |
| View Mark Limited | Hong Kong 6 September 2010 | Ordinary Shares HK$10,000 | – | 100% | Property holding |
| Billion Peace Limited | Hong Kong 4 March 2011 | Ordinary Shares HK$10,000 | – | 100% | Property holding |
| Modern China Business Consultants Limited | Hong Kong 10 December 1991 | Ordinary Shares HK$4,500,000 | – | 100% | Property holding |

### (b) Share option scheme

Pursuant to the written resolutions of the shareholders of the Company passed on 11 May 2015, the Company has conditionally adopted a share option scheme, details of which are set out in section headed "Share Option Scheme" in Appendix VI to the Prospectus dated on 14 May 2015.

### (c) Completion of listing

On 27 May 2015, the shares of the Company have been listed on the GEM of the Stock Exchange.

### (d) Acquisition of properties

Pursuant to the announcement made by the Company on 11 June 2015, the Group entered into provisional sales and purchase agreements with independent third parties to purchase a car park and a warehouse office premises with an aggregate consideration of approximately HK$42,380,000. As at the date of this report, the transaction was not yet completed.

# INDEPENDENT AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS

信永中和 ShineWing

**SHINEWING** (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

**TO THE MEMBERS OF i-CONTROL HOLDINGS LIMITED**
*(incorporated in the Cayman Islands with limited liability)*

We have audited the combined financial statements of i-Control Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 53 to 101, which comprise the combined statement of financial position as at 31 March 2015, and the combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Directors' responsibility for the combined financial statements

The directors of the Company are responsible for the preparation of combined financial statements in accordance with the basis of preparation and the accounting policies set out in notes 1 and 3 to the combined financial statements and the disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit and to report our opinion solely to you, as a body in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the combined financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the combined financial statements.

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

## Opinion

In our opinion, the combined financial statements for the year ended 31 March 2015 have been properly prepared in accordance with the basis of preparation and significant accounting policies set out in notes 1 and 3 to the combined financial statements and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**SHINEWING (HK) CPA Limited**
*Certified Public Accountants*
**Pang Wai Hang**
Practising Certificate Number: P05044

Hong Kong
17 June 2015

# COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March 2015

| | *Notes* | **2015 HK$'000** | 2014 HK$'000 |
|---|---|---|---|
| Revenue | *7* | **111,482** | 102,474 |
| Cost of inventories sold | | **(64,398)** | (63,578) |
| Staff cost | | **(16,844)** | (14,537) |
| Depreciation | | **(1,738)** | (2,068) |
| Other income | *7* | **21** | 22,431 |
| Other operating expenses | | **(18,229)** | (4,806) |
| Finance costs | *9* | **(702)** | (437) |
| Profit before taxation | | **9,592** | 39,479 |
| Income tax expense | *10* | **(4,027)** | (3,499) |
| Profit for the year | *11* | **5,565** | 35,980 |
| Attributable to: | | | |
| Owners of the Company | | **4,841** | 35,683 |
| Non-controlling interests | | **724** | 297 |
| | | **5,565** | 35,980 |
| Profit for the year | | **5,565** | 35,980 |
| Other comprehensive expense | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences arising on translating a foreign operation | | **(149)** | – |
| Total comprehensive income for the year | | **5,416** | 35,980 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | **4,692** | 35,683 |
| Non-controlling interests | | **724** | 297 |
| | | **5,416** | 35,980 |
| Earnings per share (HK$) | | | |
| Basic and diluted | *12* | **0.68 cents** | 6.05 cents |

# COMBINED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

| | Notes | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property and equipment | 15 | **51,989** | 53,638 |
| Deferred tax assets | 27 | **281** | 302 |
| | | **52,270** | 53,940 |
| **Current assets** | | | |
| Inventories | 17 | **5,567** | 5,251 |
| Trade receivables | 18 | **20,844** | 28,837 |
| Prepayments, deposits and other receivables | 19 | **5,367** | 3,781 |
| Amount due from a shareholder | 20 | **–** | 519 |
| Amounts due from related companies | 21 | **–** | 131 |
| Bank balances and cash | 22 | **14,831** | 15,045 |
| | | **46,609** | 53,564 |
| **Current liabilities** | | | |
| Trade payables | 23 | **6,360** | 11,979 |
| Other payables and accruals | 24 | **12,083** | 23,643 |
| Amount due to directors | 25 | **–** | 7,953 |
| Amounts due to related companies | 25 | **–** | 14,548 |
| Bank borrowings | 26 | **54,868** | 20,270 |
| Tax payables | | **1,370** | 2,754 |
| | | **74,681** | 81,147 |
| **Net current liabilities** | | **(28,072)** | (27,583) |
| **Total assets less current liabilities** | | **24,198** | 26,357 |
| **Non-current liability** | | | |
| Deferred tax liabilities | 27 | **335** | 269 |
| **Net assets** | | **23,863** | 26,088 |

| | Notes | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|
| **Capital and reserves** | | | |
| Share capital | *28* | **8** | 8,513 |
| Reserves | *29* | **21,830** | 15,101 |
| **Equity attributable to owners of the Company** | | **21,838** | 23,614 |
| Non-controlling interests | *36* | **2,025** | 2,474 |
| **Total equity** | | **23,863** | 26,088 |

The combined financial statements on pages 53 to 101 were approved and authorised for issue by the board of directors on 17 June 2015 and are signed on its behalf by:

**Tong Sai Wong**
*Director*

**Chan Wing Yiu**
*Director*

# COMBINED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2015

| | Attributable to the owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Merger reserve (Note 29) | Translation reserve | Retained profits | Subtotal | Non-controlling interests | Total |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| At 1 April 2013 | 8,813 | – | 42 | 9,826 | 18,681 | 2,349 | 21,030 |
| Profit and total comprehensive income for the year | – | – | – | 35,683 | 35,683 | 297 | 35,980 |
| Dividend (Note 14) | – | – | – | (30,450) | (30,450) | (472) | (30,922) |
| Disposal of partial interest in a subsidiary (Note 36) | (300) | – | – | – | (300) | 300 | – |
| As at 31 March 2014 and 1 April 2014 | 8,513 | – | 42 | 15,059 | 23,614 | 2,474 | 26,088 |
| Profit for the year | – | – | – | 4,841 | 4,841 | 724 | 5,565 |
| Exchange difference arising on translating a foreign operation | – | – | (149) | – | (149) | – | (149) |
| Total comprehensive income for the year | – | – | (149) | 4,841 | 4,692 | 724 | 5,416 |
| Dividend (Note 14) | – | – | – | (8,780) | (8,780) | (239) | (9,019) |
| Issue of share (Note 28) | 8 | – | – | – | 8 | – | 8 |
| Reorganisation (Note 28) | (8,513) | 10,817 | – | – | 2,304 | (934) | 1,370 |
| At 31 March 2015 | 8 | 10,817 | (107) | 11,120 | 21,838 | 2,025 | 23,863 |

# COMBINED STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2015

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Profit before taxation | **9,592** | 39,479 |
| Adjustments for: | | |
| Interest income | **(3)** | (129) |
| Depreciation | **1,738** | 2,068 |
| Gain on disposal of investment property | **–** | (20,129) |
| Loss on disposal of property and equipment | **6** | – |
| Finance costs | **702** | 437 |
| Reversal of impairment loss on inventories | **(31)** | (159) |
| Operating cash flows before movements in working capital | **12,004** | 21,567 |
| Increase in inventories | **(285)** | (13) |
| Decrease (increase) in trade receivables | **8,051** | (8,776) |
| Increase in prepayments, deposits and other receivables | **(1,586)** | (1,183) |
| (Decrease) increase in trade payables | **(5,625)** | 4,145 |
| Increase in other payables and accruals | **410** | 3,538 |
| Cash generated from operations | **12,969** | 19,278 |
| Hong Kong Profits Tax paid | **(5,379)** | (2,469) |
| PRC tax paid | **–** | (6) |
| **NET CASH FROM OPERATING ACTIVITIES** | **7,590** | 16,803 |
| **INVESTING ACTIVITIES** | | |
| Acquisitions of property and equipment | **(95)** | – |
| Repayment from a shareholder | **519** | – |
| Repayment from (Advance to) related companies | **131** | (15) |
| Interest received | **3** | 129 |
| Proceed from disposal of investment property | **–** | 28,427 |
| **NET CASH FROM INVESTING ACTIVITIES** | **558** | 28,541 |

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| **FINANCING ACTIVITIES** | | |
| Bank borrowings raised | **58,720** | – |
| Issue of shares | **8** | – |
| Repayment of bank borrowings | **(24,122)** | (8,095) |
| Dividend paid | **(19,619)** | (20,322) |
| Repayment to related companies | **(14,548)** | (10,841) |
| Repayment to directors | **(7,953)** | (1,558) |
| Interest paid | **(702)** | (437) |
| Repayment to shareholders | **–** | (3,346) |
| **NET CASH USED IN FINANCING ACTIVITIES** | **(8,216)** | (44,599) |
| **NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS** | **(68)** | 745 |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR** | **15,045** | 14,300 |
| Effect of foreign exchange rate changes | **(146)** | – |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** represented by bank balances and cash | **14,831** | 15,045 |

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands on 21 August 2014 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The address of the registered office and the principal place of business of the Company are detailed in the section headed "Corporate Information" to the annual report.

Pursuant to a group reorganisation (the "**Reorganisation**") of the Company and its subsidiaries (collectively referred to as the "**Group**") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**"), the consultancy and administrative services to related companies of Newmark Company Limited ("**Internal Service**") have been transferred to the Group on 29 June 2014, the Company acquired the equity interests of entities under common control and became the holding company of the subsidiaries now comprising the Group on 11 May 2015. Details of the Reorganisation were set out in the prospectus of the Company dated 14 May 2015 (the "**Prospectus**").

The shares of the Company have been listed on the Stock Exchange with effect from 27 May 2015.

The directors of the Company consider the immediate and ultimate holding company is Newmark Group Limited, which is incorporated in the British Virgin Islands (the "**BVI**"). The Group and the Internal Services have been under the control and beneficially owned by Dr. Wong King Keung, Mr. Chan Wing Yiu, Mr. Tong Sai Wong, Mr. Chan Wing Lun (the "**Controlling Shareholder**") and Mr. Lin Wing Ching. The Group comprising the Company and its subsidiaries and the Internal Services resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the combined financial statements of the Group have been prepared on the basis as if the Company had always been the holding company of the companies comprising the Group and the internal services since the beginning of the reporting period using the principles of merger accounting as set out in note 3 below. The Company is engaged in investment holding while the principal subsidiaries are principally engaged in multimedia audio-visual solutions and related system integration services.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the **functional currency**"). The financial statements are presented in Hong Kong dollars ("**HK$**" or "**HKD**"), which is the Company's functional and presentation currency. Other than the subsidiary established in PRC and Singapore whose functional currency comprised Renminbi ("**RMB**") and Singapore dollar ("**SGD**") respectively, the functional currency of the Company and other subsidiaries is HK$.

Although the Group resulting from the above mentioned Reorganisation did not exist until 11 May 2015, the directors of the Company consider that meaningful information as regards to the historical performance of the Group, which includes entities under common control, is provided by treating the Group resulting from the Reorganisation as a continuing entity as if the group structure as at 11 May 2015 had been in existence from the beginning of the year ended 31 March 2014.

In preparing the combined financial statements, the directors of the Company have assessed the liquidity position and going concern of the Group in light of the fact that the Group had net current liabilities of approximately HK$28,072,000 as at 31 March 2015. Current liabilities of the Group included carrying amount of HK$39,708,000 bank borrowings that are not repayable within one year from the end of reporting period but contains a repayment on demand clause. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future, after taking into account the available unutilised banking facilities of HK$6,000,000, the proceeds from the completion of the placing of shares on GEM and working capital requirement in the foreseeable future.

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

In view of the available banking facilities and the proceeds from the placing of shares on GEM, the directors of the Company believe that the Group will have adequate financial resources for its working capital requirements for the ensuing year. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the combined financial statements on a going concern basis. Should the Company be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for further liabilities which might arise and to reclassify non-current assets as current assets. The effect of such adjustments has not been reflected in the combined financial statements.

The combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows include the results and cash flows of the companies comprising the Group and the results of the Internal Services for the year ended 31 March 2014 and 2015 and have been prepared as if the current group structure had been in existence since 1 April 2013. The combined statement of financial position of the Group as at 31 March 2014 and 2015 have been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence as at those dates.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has consistently adopted the HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), amendments and new interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") which are effective for the Group's financial year beginning on 1 April 2014.

### Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year.

The Group has not early applied the following new and revised HKFRSs, amendments and interpretations that have been issued but are not yet effective.

| | |
|---|---|
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010-2012 Cycle[1] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011-2013 Cycle[1] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2012-2014 Cycle[2] |
| HKFRS 9 (2014) | Financial Instruments[5] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception[2] |
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations[2] |
| HKFRS 14 | Regulatory Deferral Accounts[2] |
| HKFRS 15 | Revenue from Contracts with Customers[4] |
| Amendments to HKAS 1 | Disclosure Initiative[2] |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptance Methods of Depreciation and Amortisation[2] |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants[2] |
| Amendments to HKAS 19 | Defined Benefit Plans – Employee Contributions[1] |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements[1] |
| Amendments to HKFRS 10 and HKAS 28 | Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

1 Effective for annual periods beginning on or after 1 July 2014, with earlier application is permitted.

2 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 June 2016, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

### Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2(i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's combined financial statements.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

**Annual Improvements to HKFRSs 2011-2013 Cycle**

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's combined financial statements.

**Annual Improvement to HKFRSs 2012-2014 Cycle**

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

### Annual Improvement to HKFRSs 2012-2014 Cycle (Continued)

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's combined financial statements.

### HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

### HKFRS 9 (2014) Financial Instruments (Continued)

In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

### HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition.

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

### HKFRS 15 Revenue from Contracts with Customers (Continued)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's combined financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

### Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

(i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

(ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's combined financial statements.

Except as described above, the directors of the Company anticipate that the application of the other new and revised HKFRSs that have been issued but are not yet effective will have no material impact on the Group's financial performance and position and/or disclosures set out in the combined financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The combined financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the combined financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The combined financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these combined financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

### Basis of consolidation

The combined financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of consolidation (Continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the combined statement of profit of loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group assets and liabilities, equity, income and expenses are eliminated in full on consolidation.

### Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### Business combinations under common control

Business combinations under common control are accounted for using merger accounting. In applying merger accounting, the combined financial statements incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Controlling Shareholders and Mr. Lin Wing Ching.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the combined financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods as elements of services rendered is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

### Property and equipment

Property and equipment including buildings held for use in the supply of goods or services or for administrative purposes are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment, less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and carrying amount of the asset and is recognised in profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

*The Group as lessor*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

*The Group as lessee*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

*Leasehold land and building*

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments, including any lump-sum upfront payments, are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the combined statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property and equipment.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the combined financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs recognised in profit or loss in the period in which they are incurred.

### Retirement benefits costs

Payments to state-managed retirement benefit schemes and Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contribution.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the combined statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the combined financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**Financial instruments**

Financial assets and financial liabilities are recognised in the combined statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

*Financial assets*

The Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, deposits and other receivables, amounts due from a shareholder/related companies, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Financial instruments (Continued)**

*Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amounts are reduced through the use of allowance accounts. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and bills receivables and other receivables are considered uncollectible, it is written off against the respective allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial liabilities and equity instruments

*Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

*Financial liabilities*

Financial liabilities including trade payables, other payables and accruals, bank borrowings, amounts due to related companies and directors are subsequently measured at amortised cost, using the effective interest method.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

*Derecognition*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Cash and cash equivalents

Bank balances and cash in the combined statements of financial position comprise bank deposits with original maturity of three months or less, cash at banks and on hand. For the purpose of the combined statements of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

### Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generation units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Critical judgements in applying the entity's accounting policies

The followings are the critical judgements, apart from those involving estimations that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the combined financial statements.

#### *Deferred tax assets*

Deferred tax assets are recognised for certain deductible temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Further details of which are disclosed in note 27.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

### Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

*Depreciation of property and equipment*

Property and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values. The determination of the useful lives and residual values involves management's estimation. The Group assesses annually the residual value and the useful life of the property and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

*Estimated impairment of property and equipment*

The Group determines whether the property and equipment are impaired whenever there is indication of impairment presented. The impairment loss for property and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of property and equipment have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates such as future revenue and discount rates. As at 31 March 2015, the carrying values of property and equipment were approximately HK$51,989,000 (2014: HK$53,638,000) respectively. No impairment was recognised as at 31 March 2015 and 2014.

*Estimated allowance for inventories*

The management of the Group reviews an ageing analysis at the end of each reporting period and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. As at 31 March 2015, the carrying amounts of inventories of the Group were approximately HK$5,567,000 (2014: HK$5,251,000), net of accumulated allowances for inventories of approximately HK$511,000 (2014: HK$542,000).

*Estimated impairment of trade receivables*

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. As at 31 March 2015, the carrying amounts of trade receivables were approximately HK$20,844,000 (2014: HK$28,837,000). No impairment was recognised as at 31 March 2015 and 2014.

*Income tax*

The Group is subject to income taxes in several jurisdictions. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

## 5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank borrowings, amounts due to related companies and directors, and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debts or the redemption of borrowings.

## 6. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

| | **2015**<br>**HK$'000** | 2014<br>HK$'000 |
|---|---|---|
| **Financial assets** | | |
| Loans and receivables (including bank balances and cash) | **36,429** | 45,768 |
| **Financial liabilities** | | |
| Amortised Cost | **65,659** | 69,051 |

### (b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, amounts due from related companies and a shareholder, bank balances and cash, trade payables, other payables and accruals, amounts due to directors and related companies and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

## 6. FINANCIAL INSTRUMENTS (Continued)

### Market risk

*Currency risk*

The Company carries out certain of its transactions in United States Dollar ("**USD**") and SGD and certain of its monetary assets and liabilities are denominated in USD and SGD.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| USD | **504** | 319 | **89** | 21 |
| SGD | **6** | – | **–** | – |

The Group currently does not have a foreign currency hedging policy. However, the directors of the Company continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

*Sensitivity analysis*

As HK$ is pegged to USD, the directors of the Company do not expect any significant movements in the USD/HKD exchange rate. The directors of the Company consider the currency risk in the SGD/HKD exchange rate is insignificant as the balance of SGD is insignificant and sensitivity analysis is not presented.

*Interest rate risk*

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 22) and variable-rate bank borrowings (note 26) carrying interest at prevailing market rates. However, the exposure in bank balances is minimal to the Group as the bank balances are all short-term in nature. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

*Sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of reporting period was outstanding for the whole year. A 50 (2014: 50) basis point increase or decrease is used for the year when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower for the year ended 31 March 2015 and all other variables were held constant, the Group's post-tax profit would decrease/increase by approximately HK$228,000 (2014: HK$85,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank borrowings.

## 6. FINANCIAL INSTRUMENTS (Continued)

### Credit risk

As at 31 March 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit quality of the counterparties in respect of amounts due from related companies is assessed by taking into account their financial position, credit history and other factors. The directors of the Company are of the opinion that the risk of default by these counterparties is low.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 8% (2014: 19%) of the total trade receivables as at 31 March 2015 was due from the Group's largest customer.

The Group has concentration of credit risk as 29% (2014: 49%) of the total trade receivables as at 31 March 2015 was due from the Group's five largest customers.

The Group's concentration of credit risk by geographical locations is mainly in the Hong Kong, which accounted for over 95% (2014: 95%) of the total trade receivables as at 31 March 2015.

### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with terms of relevant loans.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

## 6. FINANCIAL INSTRUMENTS (Continued)

### Liquidity risk (Continued)

| | As at 31 March 2015 | | |
|---|---|---|---|
| | On demand or within 1 year HK$'000 | Total undiscounted cash flows HK$'000 | Carrying amount HK$'000 |
| Trade payables | **6,360** | **6,360** | **6,360** |
| Other payables and accruals | **4,431** | **4,431** | **4,431** |
| Bank borrowings | **56,151** | **56,151** | **54,868** |
| | **66,942** | **66,942** | **65,659** |

| | As at 31 March 2014 | | |
|---|---|---|---|
| | On demand or within 1 year HK$'000 | Total undiscounted cash flows HK$'000 | Carrying amount HK$'000 |
| Trade payables | 11,979 | 11,979 | 11,979 |
| Other payables and accruals | 14,301 | 14,301 | 14,301 |
| Amounts due to directors | 7,953 | 7,953 | 7,953 |
| Amounts due to related companies | 14,548 | 14,548 | 14,548 |
| Bank borrowings | 20,379 | 20,379 | 20,270 |
| | 69,160 | 69,160 | 69,051 |

Bank borrowings with a repayment on demand clause are included in the "on demand or within 1 year" time band in the above maturity analysis. At 31 March 2015, the aggregate undiscounted principal amounts of these bank loans amounted to HK$54,868,000 (2014: HK$20,270,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid more than one year after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$62,632,000 (2014: HK$26,592,000).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

### Fair value

The directors of the Company consider that the carrying amounts of current financial assets and current financial liabilities recorded at amortised cost using the effective interest rate method in the combined financial statements approximate their fair values due to their immediate or short-term maturities.

## 7. REVENUE AND OTHER INCOME

Revenue represents the amounts received and receivable for services rendered in the normal course of business, net of discounts and sales related taxes and maintenance service income. Analysis of the Group's turnover and other income is as follows:

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| **Revenue** | | |
| Service income | | |
| Solution for audiovisual, conferencing, presentation and multimedia control systems including installation services *(note)* | 101,906 | 95,459 |
| Audiovisual system maintenance services | 9,576 | 7,015 |
| | 111,482 | 102,474 |
| **Other income** | | |
| Rental income | – | 546 |
| Gain on disposal of investment property | – | 20,129 |
| Management fee received | – | 1,312 |
| Bank interest income | 3 | 129 |
| Exchange gain | – | 2 |
| Sundry income | 18 | 313 |
| | 21 | 22,431 |

*Note:* Included in this service income, revenue of approximately HK$9,242,000 (2014: HK$8,155,000) represented service income from procuring and delivering certain video conferencing and multimedia audiovisual equipment solely involving the Group's consultation services (i.e. without any design or installation services from the Group).

## 8. SEGMENT INFORMATION

The directors of the Company consider that there is only one operating and reportable business segment for the Group, the service provider of video conferencing and multimedia audiovisual solution. Operating segments are reported in a manner consistent with the information reported to the board of directors, being the chief operating decision maker, for the purpose of resources allocation and performance assessment.

### Geographical information

The Group's operations are located in Hong Kong (country of domicile), the PRC and Singapore. The Group's customers are mainly located in Hong Kong, the PRC and Singapore.

## 8. SEGMENT INFORMATION (Continued)

### Geographical information (Continued)

An analysis of the Group's revenue from external customers is presented based on the location of customers as below:

| | Revenue from external customers | |
|---|---|---|
| | **2015** | 2014 |
| | **HK$'000** | HK$'000 |
| Hong Kong (country of domicile) | **96,717** | 96,224 |
| PRC | **2,325** | 2,495 |
| Singapore | **9,373** | – |
| Macau | **3,067** | 3,755 |
| | **111,482** | 102,474 |

The Group's information about its non-current assets is presented based on location of the assets as below:

| | Non-current assets | |
|---|---|---|
| | **2015** | 2014 |
| | **HK$'000** | HK$'000 |
| Hong Kong | **51,971** | 53,614 |
| The PRC | **18** | 24 |
| | **51,989** | 53,638 |

Non-current assets excluded deferred tax assets.

### Information about major customers

There was no customer accounting for 10% or more of the aggregate revenue of the Group during both years.

## 9. FINANCE COSTS

| | **2015** | 2014 |
|---|---|---|
| | **HK$'000** | HK$'000 |
| Interest expenses on: | | |
| – bank borrowings wholly repayable within five years | **134** | 170 |
| – bank borrowings not wholly repayable within five years | **568** | 198 |
| – amounts due to directors | **–** | 69 |
| | **702** | 437 |

## 10. INCOME TAX EXPENSE

| | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| Current income tax: | | |
| – Hong Kong Profits Tax | 3,222 | 3,581 |
| – PRC Tax | – | 6 |
| – Singapore Corporate Tax | 663 | – |
| Under provision in prior year | 55 | – |
| | 3,940 | 3,587 |
| Deferred taxation *(Note 27)* | 87 | (88) |
| Total income tax expense for the year | 4,027 | 3,499 |

i) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 March 2015 (2014: 16.5%).

ii) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC companies is 25% for the year ended 31 March 2015 (2014: 25%).

iii) Singapore Corporate Tax is calculated at the rate of 17% on the estimated assessable profit for the year ended 31 March 2015 (2014: N/A).

iv) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("**BVI**"), the Group is not subject to any income tax in Cayman Islands and BVI.

The income tax expense for the year can be reconciled to the profit before taxation per the combined statement of profit or loss and other comprehensive income as follows:

| | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| Profit before taxation | 9,592 | 39,479 |
| Tax at domestic income tax rate of 16.5% | 1,583 | 6,514 |
| Effect of different tax rate of subsidiaries operating in other jurisdictions | 149 | – |
| Tax effect of expense not deductible for tax purposes | 2,244 | 189 |
| Tax effect of income not taxable for tax purposes | (4) | (3,203) |
| Tax effect of utilisation of tax loss previously not recognised | (29) | – |
| Tax effect of tax loss not recognised | 89 | 39 |
| Tax exemption *(Note)* | (60) | (40) |
| Under provision in prior year | 55 | – |
| Income tax expense for the year | 4,027 | 3,499 |

*Note:* The Group's subsidiaries incorporated in Hong Kong have been granted tax concessions by Inland Revenue Department of Hong Kong.

Details of the deferred taxation are set out in note 27.

## 11. PROFIT FOR THE YEAR

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| Profit for the year has been arrived at after charging (crediting): | | |
| Salaries and allowances (excluding directors' emoluments) | **15,996** | 13,247 |
| Retirement benefit scheme contributions (excluding directors) | **848** | 626 |
| Total staff costs | **16,844** | 13,873 |
| Cost of inventories sold | **64,398** | 63,578 |
| Reversal of impairment loss on inventories included in cost of inventories sold | **(31)** | (159) |
| Depreciation | **1,738** | 2,068 |
| Operating lease rentals in respect of rented premises | **857** | 949 |
| Direct operating expenses incurred for investment properties that generated rental income | **–** | 307 |
| Loss on disposal of property and equipment | **6** | – |
| Listing expenses | **12,059** | – |
| Auditor's remuneration | **505** | 90 |

## 12. EARNINGS PER SHARE

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| Earnings | | |
| Earnings for the purpose of basic earnings per share | **4,841** | 35,683 |

| | 2015<br>'000 | 2014<br>'000 |
|---|---|---|
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **710,861** | 589,815 |

The dilutive earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2015 and 2014.

The weighted average number of ordinary shares in issue during the year ended 31 March 2015 and 2014 have been retrospectively adjusted for the effect of the capitalisation issue as stated in note 28 pursuant to the Reorganisation as stated in the Prospectus as if such capitalisation issued shares were issued during the two years ended 31 March 2015 on pro rata basis.

## 13. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS

### (a) Directors' and chief executives' emoluments

Details of emoluments paid and payable to the directors who are also chief executives of the Group as services as director are as follows:

| | Year ended 31 March 2015 | | | | |
|---|---|---|---|---|---|
| | Fees HK$'000 | Salaries and other allowances HK$'000 | Discretionary bonus HK$'000 | Retirement benefit scheme contributions HK$'000 | Total HK$'000 |
| **Directors:** | | | | | |
| Dr. Wong King Keung | – | – | – | – | – |
| Mr. Chan Wing Yiu | – | – | – | – | – |
| Mr. Tong Sai Wong | – | – | – | – | – |
| Mr. Chan Wing Lun | – | – | – | – | – |
| Mr. Lin Wing Ching | – | – | – | – | – |
| | – | – | – | – | – |

| | Year ended 31 March 2014 | | | | |
|---|---|---|---|---|---|
| | Fees HK$'000 | Salaries and other allowances HK$'000 | Discretionary bonus HK$'000 | Retirement benefit scheme contributions HK$'000 | Total HK$'000 |
| **Directors:** | | | | | |
| Dr. Wong King Keung | – | – | – | – | – |
| Mr. Chan Wing Yiu | – | – | – | – | – |
| Mr. Tong Sai Wong | – | – | – | – | – |
| Mr. Chan Wing Lun | – | – | – | – | – |
| Mr. Lin Wing Ching | – | 578 | 76 | 10 | 664 |
| | – | 578 | 76 | 10 | 664 |

*Notes:*

Discretionary bonus was determined with reference to the Group's operating results, individual performance and comparable market statistics for such financial year.

None of the directors waived or agreed to waive any emoluments during the years ended 31 March 2015 and 2014.

There were no emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

## 13. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

### (b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, none (2014: one) was the director of the Company. The emolument of him is included in the disclosures in note 13(a) above. The emoluments of the five (2014: four) individuals for the years ended 31 March 2015 and 2014 were as follows:

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| Salaries and other allowances | 3,091 | 2,465 |
| Retirement benefit scheme contributions | 131 | 81 |
| | 3,222 | 2,546 |

There were no performance related incentive payments during the years ended 31 March 2015 and 2014.

Their emoluments were within the following bands:

| | Number of individuals 2015 | 2014 |
|---|---|---|
| Less than HK$1,000,000 | 5 | 4 |

No emoluments were paid by the Group to the directors, chief executive or the five highest paid individuals as inducements to join or upon joining the Group or as a compensation for loss of office during the years ended 31 March 2015 and 2014.

## 14. DIVIDEND

Pursuant to the resolution of i-Control (ITAV) Limited ("**i-Control ITAV**") passed on 5 February 2015, an interim dividend amount of HK$8,780,000 was declared and paid by i-Control ITAV to its then shareholders. During the year ended 31 March 2014, the dividend represents the dividends paid by the Company's subsidiaries to their then shareholders amount to approximately HK$30,922,000. The rates of dividend and the number of shares ranking for dividend are not presented as such information is not considered meaningful for the purpose of this report.

Other than disclosed above, no dividends have been paid or declared by the companies now comprising the Group during the year ended 31 March 2015.

## 15. PROPERTY AND EQUIPMENT

| | Land and buildings HK$'000 | Furniture and fixtures HK$'000 | Computer equipment HK$'000 | Leasehold improvement HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| **COST** | | | | | |
| At 31 March 2013, 1 April 2013 and 31 March 2014 | 55,552 | 1,401 | 293 | 1,751 | 58,997 |
| Additions | – | 12 | 83 | – | 95 |
| Disposal | – | (7) | (23) | – | (30) |
| At 31 March 2015 | 55,552 | 1,406 | 353 | 1,751 | 59,062 |
| **ACCUMULATED DEPRECIATION** | | | | | |
| At 31 March 2013 and 1 April 2013 | 1,929 | 535 | 118 | 848 | 3,430 |
| Provided for the year | 1,157 | 289 | 59 | 424 | 1,929 |
| At 31 March 2014 and 1 April 2014 | 3,086 | 824 | 177 | 1,272 | 5,359 |
| Provided for the year | 1,157 | 284 | 58 | 239 | 1,738 |
| Eliminated on disposal | – | (6) | (18) | – | (24) |
| At 31 March 2015 | 4,243 | 1,102 | 217 | 1,511 | 7,073 |
| **Carrying values** | | | | | |
| At 31 March 2015 | 51,309 | 304 | 136 | 240 | 51,989 |
| At 31 March 2014 | 52,466 | 577 | 116 | 479 | 53,638 |

i) The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

| | |
|---|---|
| Furniture and fixtures | 10–20% |
| Computer equipment | 20% |
| Leasehold improvement | 20–33% |
| Land and buildings | Over the shorter of term of the lease or 2% |

ii) As at 31 March 2015, buildings with carrying amounts of approximately HK$51,309,000 (2014: HK$52,466,000) have been pledged to secure bank loans of approximately HK$42,649,000 (2014: HK$20,270,000).

iii) All of the land and buildings are located on land in Hong Kong and held under medium term lease.

## 16. INVESTMENT PROPERTY

| | Total HK$'000 |
|---|---|
| **COST** | |
| At 1 April 2013 | 8,793 |
| Disposal | (8,793) |
| At 31 March 2014, 1 April 2014 and 31 March 2015 | – |
| **ACCUMULATED DEPRECIATION** | |
| At 1 April 2013 | 356 |
| Provided for the year | 139 |
| Eliminated on disposals | (495) |
| At 31 March 2014, 1 April 2014 and 31 March 2015 | – |
| **Carrying values** | |
| At 31 March 2015 | – |
| At 31 March 2014 | – |

The above investment property is located in Hong Kong with medium term lease and depreciated on a straight-line basis over 37 years.

## 17. INVENTORIES

| | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| Finished goods | 5,567 | 5,251 |

During the year ended 31 March 2015, there was sales of finished goods previously impaired. As a result, a reversal of wrote-down of finished goods of HK$31,000 (2014: HK$159,000) recognised and included in cost of inventories sold.

## 18. TRADE RECEIVABLES

| | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| Trade receivables | 20,844 | 28,837 |

The Group generally allows an average credit period of 30 days to the customers.

The Group does not hold any collateral over these balances.

## 18. TRADE RECEIVABLES (Continued)

The following is an ageing analysis of trade receivables, presented based on invoice dates at the end of each reporting period, which approximated the respective revenue recognition dates.

| | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| 0–30 days | **10,768** | 15,685 |
| 31–60 days | **2,574** | 6,980 |
| 61–120 days | **3,026** | 4,502 |
| 121–365 days | **4,149** | 854 |
| Over 365 days | **327** | 816 |
| | **20,844** | 28,837 |

At 31 March 2015 and 31 March 2014, the ageing analysis of trade receivables that were past due but not impaired are as follows:

| | 1–30 days HK$'000 | 31–60 days HK$'000 | 61–120 days HK$'000 | 121–365 days HK$'000 | Over 365 days HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| As at 31 March 2015 | 2,574 | 2,362 | 663 | 3,700 | 56 | 9,355 |
| As at 31 March 2014 | 6,968 | 3,548 | 691 | 573 | 801 | 12,581 |

In determining the recoverability of a trade receivable, the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the reporting date. In view of the good settlement history from those receivables of the Group which are past due but not impaired for the years ended 31 March 2015 and 2014, the directors of the Company consider that no allowance is necessary in respect of these balances.

## 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|
| Prepayments | **4,613** | 2,545 |
| Deposits | **153** | 260 |
| Other receivables | **601** | 976 |
| | **5,367** | 3,781 |

## 20. AMOUNT DUE FROM A SHAREHOLDER

| | | | Maximum amount outstanding during the year ended 31 March | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Wideford Limited | **–** | 519 | **519** | 2,682 |

Wideford Limited was the then shareholder of the Group before Reorganisation.

The amount is unsecured, interest-free and repayable on demand.

All amounts were settled during the year ended 31 March 2015.

## 21. AMOUNTS DUE FROM RELATED COMPANIES

Amount due from related companies, disclosed pursuant to section 383(1)(d) to the Hong Kong Companies Ordinance, is analysed as follows:

| | | | Maximum amount outstanding during the year ended 31 March | |
|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 |
| | **HK$'000** | HK$'000 | **HK$'000** | HK$'000 |
| Tandberg International (Asia) Limited | **–** | – | **–** | 53 |
| i-Control Macau Limited | **–** | 131 | **131** | 131 |
| | **–** | 131 | | |

Certain directors of the Company have beneficial interests in these companies.

The amounts are unsecured, interest-free and repayable on demand.

## 22. BANK BALANCES AND CASH

The bank balances for the year ended 31 March 2015 and 31 March 2014 carried interest at the prevailing market rate.

The Group's bank balances and cash denominated in RMB amounted to approximately HK$360,000 (2014: HK$1,051,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

## 23. TRADE PAYABLES

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| Trade payables | **6,360** | 11,979 |

An ageing analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| 0 to 60 days | **3,937** | 9,083 |
| 61 to 90 days | **269** | 942 |
| Over 90 days | **2,154** | 1,954 |
| | **6,360** | 11,979 |

The average credit period on purchase of goods is 30 days. The Group has financial risk management policies or plans for its payables with respect to the credit timeframe.

## 24. OTHER PAYABLES AND ACCRUALS

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| Accrued salary | **1,095** | 375 |
| Commission payable | **1,982** | 1,597 |
| Customer deposits (for trade) | **3,144** | 6,257 |
| Receipts in advance | **4,508** | 3,085 |
| Dividend payable | **–** | 10,600 |
| Accrued expenses and other payables | **1,354** | 1,729 |
| | **12,083** | 23,643 |

Customer deposits (for trade) represented advance payments from customers pursuant to the respective sales and purchase contracts.

## 25. AMOUNTS DUE TO DIRECTORS/RELATED COMPANIES

The balances outstanding as at 31 March 2015 and 2014 are unsecured, non-interest bearing and repayable on demand.

All amounts were settled during the year ended 31 March 2015.

## 26. BANK BORROWINGS

| | 2015<br>HK$'000 | 2014<br>HK$'000 |
|---|---|---|
| Secured: | | |
| Mortgage loan | **42,649** | 20,270 |
| Unsecured: | | |
| Tax loan | **219** | – |
| Revolving loan | **12,000** | – |
| | **54,868** | 20,270 |
| Bank borrowings repayable: | | |
| On demand or within one year | **15,160** | 2,461 |
| More than one year but not exceeding two years | **2,941** | 2,471 |
| More than two years but not exceeding five years | **8,823** | 7,475 |
| After five years | **27,944** | 7,863 |
| | **54,868** | 20,270 |
| Less: | | |
| Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities) | **39,708** | 17,809 |
| Carrying amount repayable within one year | **15,160** | 2,461 |
| Amount shown under non-current liabilities | **–** | – |

## 26. BANK BORROWINGS (Continued)

Borrowings comprise:

| | Maturity date | Effective interest rate | Carrying amount 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|---|
| Fixed-rate borrowings: | | | | |
| – HKD tax loans | 24/5/2015 | 4.25% | **219** | – |
| Floating-rate borrowings: | | | | |
| – HKD mortgage loans (1) & (5) | 6/7/2021 | 0.21% | **–** | 15,621 |
| – HKD mortgage loans (2) & (6) | 6/7/2026 | 1.61% | **–** | 4,649 |
| – HKD mortgage loans (3) & (7) | 21/8/2021 | 2.22% | **42,649** | – |
| – HKD revolving loan (4) | Repayable on demand | 2.72% | **12,000** | – |
| | | | **54,868** | 20,270 |

(1) The floating rate is HIBOR for the first three years and HIBOR plus 1.1% thereafter.

(2) The floating rate is lower of HIBOR plus 1.4% or best lending rate minus 2.75%.

(3) The floating rate is lower of HIBOR plus 2% or 2.25% below best lending rate.

(4) The floating rate is HIBOR plus 2.5%.

(5) Repayable in 120 equal monthly installments commencing from the drawdown of the borrowings.

(6) Repayable in 180 equal monthly installments commencing from the drawdown of the borrowings.

(7) Repayable in 84 equal monthly installments commencing from the drawdown of the borrowings.

*Notes:*

(a) The bank borrowings are all denominated in HK$.

(b) As at 31 March 2015, all bank borrowings were guaranteed by certain directors of the Company. The guarantees provided by certain directors have been released upon listing of the Company's shares on the GEM.

(c) As at 31 March 2015, bank borrowings of approximately HK$42,649,000 (2014: HK$20,700,000) was secured by land and buildings of the Group with carrying amounts of HK$51,309,000 (2014: 52,466,000).

## 27. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

| | **2015** **HK$'000** | 2014 HK$'000 |
|---|---|---|
| Deferred tax assets | **281** | 302 |
| Deferred tax liabilities | **(335)** | (269) |
| | **(54)** | 33 |

The movements in deferred tax (assets) liabilities of the Group during the year are as follows:

| | **Accelerated depreciation allowance** HK$'000 | **Tax losses** HK$'000 | **Provision for inventory** HK$'000 | **Total** HK$'000 |
|---|---|---|---|---|
| At 31 March 2013 and 1 April 2013 | 194 | (23) | (116) | 55 |
| (Credited) charged to profit or loss during the year *(Note 10)* | (121) | 7 | 26 | (88) |
| At 31 March 2014 and 1 April 2014 | 73 | (16) | (90) | (33) |
| Charged to profit or loss during the year *(Note 10)* | 79 | 3 | 5 | 87 |
| At 31 March 2015 | 152 | (13) | (85) | 54 |

At 31 March 2015, the Group had tax losses of approximately HK$679,000 (2014: HK$334,000) available for offset against future profits and of which approximately HK$78,000 (2014: HK$97,000) are recognised. At 31 March 2015, tax losses of approximately HK$1,883,000 and HK$97,000 may be carried forward indefinitely respectively, the remaining will be expired within 5 years.

No deferred tax asset was recognised for such unrecognised tax losses due to the unpredictability of future profit streams of respective subsidiaries.

## 28. SHARE CAPITAL

The share capital of the Group as at 31 March 2014 represented the aggregate of share capital of the companies now comprising the Group.

The share capital of the Group as at 31 March 2015 represented the aggregate of share capital of the Company and i-Control ITAV.

## 28. SHARE CAPITAL (Continued)

### The Company

| | Number of share | Share capital |
|---|---|---|
| | | HK$ |
| Authorised | | |
| Ordinary share of HK$0.1 each as at date of incorporation *(Note a)* | 3,800,000 | 380,000 |
| Subdivision of HK$0.1 each share into 10 shares of HK$0.01 each *(Note c)* | 34,200,000 | – |
| | 38,000,000 | 380,000 |
| Issued and fully paid | | |
| Ordinary share of HK$0.1 each at the date of incorporation *(Note a)* | 1 | – |
| Issued and allotted during the period *(Note b)* | 74,999 | 7,500 |
| Subdivision of HK$0.1 each share into 10 shares of HK$0.01 each *(Note c)* | 675,000 | – |
| | 750,000 | 7,500 |

| | HK$'000 |
|---|---|
| Shown in combined financial statements | 8 |

*Notes:*

(a) On 21 August 2014, the authorised share capital of the Company was HK$380,000 divided into 3,800,000 shares of HK$0.10 each. At the date of incorporation, one share of HK$0.1 was allotted and issued.

(b) On 21 August 2014, 74,999 shares of HK$0.1 each were allotted and issued as fully paid.

(c) On 6 October 2014, each of the then existing issued and unissued shares of HK$0.1 each in the share capital of the Company was subdivided into ten shares of HK$0.01 each.

(d) On 11 May 2015, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares to HK$20,000,000 into 2,000,000,000 shares.

(e) On 11 May 2015, the Company acquired the entire interests in i-Control ITAV in consideration of and in exchange for which the Company allotted and issued 750,000 shares in aggregate, credited as fully paid, to Newmark Group Limited, the Controlling Shareholders and Mr. Lin Wing Ching.

(f) On 11 May 2015, pursuant to the resolution of the then shareholder to the Company, it was approved to issue 748,500,000 ordinary shares of HK$0.01 each to the shareholders by way of capitalisation of HK$7,485,000 from the share premium account arising from the placing of 250,000,000 ordinary shares of the Company. Such shares were issued on 26 May 2015, being the date of completion of placing.

(g) On 26 May 2015, the Company issued a total of 250,000,000 ordinary shares HK$0.01 each at a price of HK$0.36 per share as a result of the completion of the placing. Of the gross total proceeds from placing of HK$90,000,000, HK$2,500,000, representing the par value credit to the Company's share capital, and HK$87,500,000, before the share issue expenses, were credited to the share premium account. The Company's total number of issued shares was increased to 1,000,000,000 shares upon completion of placing.

## 29. RESERVES

### Merger reserve

Merger reserve represented the difference between share capital of the new holding company and the aggregate of the share capital of the then holding company of the Group and the companies comprising the Group.

## 30. OPERATING LEASE COMMITMENT

### The Group as lessee

The Group leases certain of its warehouses and offices under operating lease arrangements. Lease for properties are negotiated for terms ranging from one to three years and rentals are fixed.

At the end of each reporting period, the Group had future minimum lease payments under non-cancellable operating lease which fall due as follows:

| | **2015 HK$'000** | 2014 HK$'000 |
|---|---|---|
| Within one year | **323** | 614 |
| In the second to fifth year inclusive | **–** | 278 |
| | **323** | 892 |

## 31. PLEDGE OF ASSETS

At 31 March 2015, land and building of approximately HK$51,309,000 (2014: HK$52,466,000) of the Group were pledged to secure banking borrowings facilities granted to the Group.

## 32. RETIREMENT BENEFIT SCHEME

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "**ORSO Scheme**") and a Mandatory Provident Fund Scheme (the "**MPF Scheme**") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group are required to join the MPF Scheme. For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by the employee. The ORSO Scheme is funded by monthly contributions from both employees and the Group at rates ranging from 5% to 10% of the employee's basic salary, depending on the length of service with the Group.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs, capped at HK$1,500 (HK$1,250 prior to June 2014) per month, to the MPF Scheme, in which the contribution is matched by the employee.

## 32. RETIREMENT BENEFIT SCHEME (Continued)

Pursuant to the regulations of the relevant authorities in the PRC, the subsidiaries of the Company in this country participate in respective government retirement benefit schemes (the "**Schemes**") whereby the subsidiaries are required to contribute to the Schemes to fund the retirement benefits of the eligible employees. Contributions made to the Schemes are calculated based on certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. The relevant authorities of the PRC are responsible for the entire pension obligations payable to the retired employees. The only obligation of the Group with respect to the Schemes is to pay the ongoing required contributions under the Schemes.

The retirement benefit schemes contribution represent gross contributions by the Group to the Schemes operated by the relevant authorities of the PRC and the defined contribution schemes operated in Hong Kong.

The total cost charged to profit or loss of approximately HK$848,000 (2014: HK$626,000) represents contributions payable to those schemes by the Group in respect of the year ended 31 March 2015.

## 33. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2015, as part of the Reorganisation, the net assets of the administrative and consultancy business for the companies comprising the Group was transferred to the Group at a consideration of HK$2,420,000, which was waived as part of the Reorganisation. The net amount of approximately HK$1,363,000 was credited to the merger reserve.

During the year ended 31 March 2015, as part of the Reorganisation, share holding of View Mark Limited was transferred to a related company at HK$7,000 and was settled through the amount due to the related company.

## 34. RELATED PARTY TRANSACTIONS

In addition to the balances elsewhere in the combined financial statements, the Group has the following material transactions and balances with related parties.

### (a) Compensation of key management personnel

Other than the remuneration paid to the directors and employees of the Group as set out in note 13, who are considered as the key management personnel of the Group, the Group did not have any other significant compensations to key management personnel.

The remuneration of the directors and key management personnel is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

### (b) Banking facilities

In addition to the pledge of the Group's pledged assets referred to in note 31, certain banking facilities of the Group during the year were secured by the guarantees given by certain directors of the Company and legal charge over a property of a company which the directors have beneficial interests. The guarantees provided by certain directors have been released upon listing of the Company's shares on the GEM.

## 34. RELATED PARTY TRANSACTIONS (Continued)

### (c) Other related parties transactions

| Name of company | Nature of transaction | *Notes* | 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|---|
| The HK Institute for Promotion of Chinese Culture | Sales | *(i)&(ii)* | – | 2,625 |
| Eduserve Export Limited | Management fee received | *(i)&(iii)* | – | 1,311 |
| Eduserve Export Limited | Purchases | *(i)&(iii)* | – | 198 |
| Widen China Limited | Commission expenses | *(iv)&(v)* | – | 259 |

*Notes:*

(i) These transactions were carried out at terms determined and agreed by the Group and the relevant parties.

(ii) Dr. Wong King Keung is the common director with beneficial interests in the relevant party.

(iii) Mr. Chan Wing Yiu, Dr. Wong King Keung, Mr. Lin Wing Ching and Mr. Tong Sai Wong, the directors of the Company, have beneficial interests in the relevant party.

(iv) Mr. Wong To Yan, the director of the subsidiary of the Company, has beneficial interests in the relevant party.

(v) The commission expenses were charged on terms and basis mutually agreed by the Group and the relevant party.

## 35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

| Name of subsidiaries | Place and date of incorporation/ establishment | Issued and fully paid share capital/ registered capital | Percentage of equity interest attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct | Indirect | |
| i-Control ITAV | BVI<br>17 June 2014 | Ordinary Shares USD 7 | 100% | – | Investment holding |
| i-Control Consultancy Limited | BVI<br>17 June 2014 | Ordinary Shares USD1 | – | 100% | Corporate consultancy and support |
| i-Control Limited | Hong Kong<br>25 October 1999 | Ordinary Shares HK$2,500,000 | – | 100% | Professional audio visual system Integrator |
| I-CONTROL (ITAV) PTE. LTD. | Singapore<br>4 September 2014 | Ordinary Shares SGD 1,000 | – | 100% | Professional audio visual system Integrator |
| Eduserve International Limited | Hong Kong<br>8 April 1987 | Ordinary Shares HK$3,000,000 | – | 80% | Professional audio visual system integrator |
| i-Control (China) Limited | Hong Kong<br>30 November 2009 | Ordinary Shares HK$1,800,000 | – | 70% | Professional audio visual system integrator |

## 35. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

| Name of subsidiaries | Place and date of incorporation/ establishment | Issued and fully paid share capital/ registered capital | Percentage of equity interest attributable to the Company Direct | Indirect | Principal activities |
|---|---|---|---|---|---|
| i-Control (Shanghai) Information Technology Co. Ltd 愛港超(上海)信息科技有限公司 | The PRC 30 March 2010 | Registered Capital RMB1,000,000 | – | 70% | Professional audio visual system integrator |
| View Mark Limited | Hong Kong 6 September 2010 | Ordinary Shares HK$10,000 | – | 100% | Property holding |
| Billion Peace Limited | Hong Kong 4 March 2011 | Ordinary Shares HK$10,000 | – | 100% | Property holding |
| Modern China Business Consultants Limited | Hong Kong 10 December 1991 | Ordinary Shares HK$4,500,000 | – | 100% | Property holding |

None of the subsidiaries had any debt securities issued subsidiaries at the end of both years ended or anytime during both years.

## 36. NON-CONTROLLING INTERESTS

### Change in ownership interest in a subsidiary

During the year ended 31 March 2014, the Group disposed of 10% of its interest in Eduserve International Limited, reducing its continuing interest to 80%. The proceeds on disposal was received by the then shareholder of Eduserve International Limited. Amount of HK$300,000 (being the proportionate share of the carrying amount of the share capital of Eduserve International) has been transferred to non-controlling interest after the disposal.

### Details Of Non-Wholly Owned Subsidiaries That Have Material Non-Controlling Interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

| Name of the subsidiary | Place of incorporation and principal place of business | Accumulated non-controlling interests Profit attributable to non-controlling interests Year ended 31 March 2015 HK$'000 | 2014 HK$'000 | At 31 March 2015 HK$'000 | 2014 HK$'000 |
|---|---|---|---|---|---|
| Eduserve International Limited | Hong Kong | **376** | 277 | **1,131** | 875 |
| Individually immaterial subsidiaries with non-controlling interests | N/A | **348** | 20 | **894** | 1,599 |
| | | **724** | 297 | **2,025** | 2,474 |

## 36. NON-CONTROLLING INTERESTS (Continued)

The summarised financial information for Eduserve International Limited that has non-controlling interest that is material to the Group, before intragroup eliminations:

### Summary of financial position

| | **2015 HK$'000** | 2014 HK$'000 |
|---|---|---|
| Non-current assets | **282** | 421 |
| Current assets | **9,877** | 8,775 |
| Current liabilities | **4,720** | 5,031 |
| Equity attributable to owners of the Company | **4,309** | 3,290 |
| Non-controlling interests | **1,130** | 875 |

| | **Year ended 31 March** | |
|---|---|---|
| | **2015 HK$'000** | 2014 HK$'000 |
| Revenue | **26,713** | 27,006 |
| Expenses | **24,838** | 25,617 |
| Profit for the year | **1,875** | 1,389 |
| Profit attributable to owners of the Company | **1,500** | 1,112 |
| Profit attributable to non-controlling interests | **375** | 277 |
| Profit for the year and total comprehensive income for the year | **1,875** | 1,389 |
| Dividends paid to non-controlling interests | **120** | 50 |
| Net cash inflow (outflow) from operating activities | **1,761** | (419) |
| Net cash (outflow) inflow from investing activities | **(5)** | 53 |
| Net cash (outflow) inflow from financing activities | **(651)** | 653 |
| Net cash inflow | **1,105** | 287 |

## 37. EVENTS AFTER REPORTING DATE

The following significant events took place subsequent to 31 March 2015.

### i. Reorganisation

The companies comprising the Group underwent a reorganisation to rationalise the Group's structure in preparation for the listing of the Company's shares on the GEM of the Stock Exchange. Details of the Reorganisation are set out in the section headed "Group reorganisation" in Appendix VI to the Prospectus. As a result of the Reorganisation, the Company became the holding company of the Group on 11 May 2015.

### ii. Increase authorised share capital and issuance of shares

As stated in note 28, there was an increase in the authorised share capital of the Company and an issuance of shares by way of Capitalisation and placing.

### iii. Share option scheme

Pursuant to the written resolutions of the shareholders of the Company passed on 11 May 2015, the Company has conditionally adopted a share option scheme, details of which are set out in section headed "Share Option Scheme" in Appendix VI to the Prospectus dated 14 May 2015.

### iv. Completion of listing

On 27 May 2015, the shares of the Company have been listed on the GEM of the Stock Exchange.

### v. Acquisition of properties

Pursuant to the announcement made by the Company on 11 June 2015, the Group entered into provisional sales and purchase agreements with independent third parties to purchase a car park and a warehouse office premises with an aggregate consideration of approximately HK$42,380,000. As at the date of this report, the transaction was not yet completed.

# FINANCIAL SUMMARY

| | Year ended 31 March | | |
|---|---|---|---|
| | **2015** | 2014 | 2013 |
| | **HK$'000** | HK$'000 | HK$'000 |
| Revenue | **111,482** | 102,474 | 108,119 |
| Profit before taxation | **9,592** | 39,479 | 11,967 |
| Profit for the year | **5,565** | 35,980 | 9,908 |
| Total comprehensive income for the year | **5,416** | 35,980 | 9,908 |

| | As at 31 March | | |
|---|---|---|---|
| | **2015** | 2014 | 2013 |
| | **HK$'000** | HK$'000 | HK$'000 |
| **ASSETS AND LIABILITIES** | | | |
| Total assets | **98,879** | 107,504 | 106,297 |
| Total liabilities | **(75,016)** | (81,416) | (85,267) |
| | **23,863** | 26,088 | 21,030 |
| Equity attributable to owners of the Company | **21,838** | 23,614 | 18,681 |
| Non-controlling interests | **2,025** | 2,474 | 2,349 |
| Total equity | **23,863** | 26,088 | 21,030 |

*Note:*

The summary of the combined results of the Group for the year ended 31 March 2013 and of the assets and liabilities as at 31 March 2013 have been extracted from the prospectus of the Company dated 14 May 2015.

The combined results of the Group for the year ended 31 March 2015 and 2014 and the combined assets and liabilities of the Group as at 31 March 2015 and 2014 are those set out on pages 53 to 55 of this Annual Report.

Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years.