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i-CONTROL HOLDINGS LIMITED

超智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8355)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

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 announcement, 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 announcement 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 announcement misleading.*

ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the audited combined results of the Group for the year ended 31 March 2015, together with the comparative figures for the year ended 31 March 2014:

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	4	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	4	21	22,431
Other operating expenses		(18,229)	(4,806)
Finance costs	6	(702)	(437)
Profit before taxation		9,592	39,479
Income tax expense	7	(4,027)	(3,499)
Profit for the year	8	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	9	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		51,989	53,638
Deferred tax assets		281	302
		<u>52,270</u>	<u>53,940</u>
Current assets			
Inventories		5,567	5,251
Trade receivables	11	20,844	28,837
Prepayments, deposits and other receivables		5,367	3,781
Amount due from a shareholder		–	519
Amounts due from related companies		–	131
Bank balances and cash		14,831	15,045
		<u>46,609</u>	<u>53,564</u>
Current liabilities			
Trade payables	12	6,360	11,979
Other payables and accruals		12,083	23,643
Amount due to directors		–	7,953
Amounts due to related companies		–	14,548
Bank borrowings	13	54,868	20,270
Tax payables		1,370	2,754
		<u>74,681</u>	<u>81,147</u>
Net current liabilities		<u>(28,072)</u>	<u>(27,583)</u>
Total assets less current liabilities		<u>24,198</u>	<u>26,357</u>
Non-current liability			
Deferred tax liabilities		335	269
Net assets		<u>23,863</u>	<u>26,088</u>
Capital and reserves			
Share capital	14	8	8,513
Reserves		21,830	15,101
Equity attributable to owners of the Company		<u>21,838</u>	<u>23,614</u>
Non-controlling interests		2,025	2,474
Total equity		<u>23,863</u>	<u>26,088</u>

COMBINED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2015

	Attributable to the owners of the Company					Non-controlling interests	Total
	Share capital	Merger reserve	Translation reserve	Retained profits	Subtotal		
	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 10)	–	–	–	(30,450)	(30,450)	(472)	(30,922)
Disposal of partial interest in a subsidiary	(300)	–	–	–	(300)	300	–
As at 31 March 2014 and 1 April 2014	<u>8,513</u>	<u>–</u>	<u>42</u>	<u>15,059</u>	<u>23,614</u>	<u>2,474</u>	<u>26,088</u>
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 10)	–	–	–	(8,780)	(8,780)	(239)	(9,019)
Issue of share (Note 14)	8	–	–	–	8	–	8
Reorganisation (Note 14)	(8,513)	10,817	–	–	2,304	(934)	1,370
At 31 March 2015	<u><u>8</u></u>	<u><u>10,817</u></u>	<u><u>(107)</u></u>	<u><u>11,120</u></u>	<u><u>21,838</u></u>	<u><u>2,025</u></u>	<u><u>23,863</u></u>

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the Year Ended 31 March 2015

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 Appleby Trust (Cayman) Ltd., Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and Units A&B, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong respectively.

Pursuant to a group reorganisation (the "**Reorganisation**") of the Company and its subsidiaries to rationalise the structure of the Group in preparation for the listing of the Company's shares on the GEM, 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 GEM 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 the Peoples' Republic of China ("**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.

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

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.

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 GEM Listing Rules.

The combined financial statements has 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.

4. 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	2014
	HK\$'000	HK\$'000
Revenue		
Service income		
Solution for audiovisual, conferencing, presentation and multimedia control systems including installation services (<i>note</i>)	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).

5. 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.

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 HK\$'000	2014 HK\$'000
Hong Kong (country of domicile)	96,717	96,224
PRC	2,325	2,495
Singapore	9,373	–
Macau	3,067	3,755
	<u>111,482</u>	<u>102,474</u>

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

	Non-current assets	
	2015 HK\$'000	2014 HK\$'000
Hong Kong	51,971	53,614
The PRC	18	24
	<u>51,989</u>	<u>53,638</u>

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.

6. FINANCE COSTS

	2015 HK\$'000	2014 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
	<u>702</u>	<u>437</u>

7. 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	–
	<u>3,940</u>	<u>3,587</u>
Deferred taxation	87	(88)
Total income tax expense for the year	<u><u>4,027</u></u>	<u><u>3,499</u></u>

- 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 BVI, the Group is not subject to any income tax in Cayman Islands and BVI.

8. PROFIT FOR THE YEAR

	2015 HK\$'000	2014 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	<u>16,844</u>	<u>13,873</u>
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	<u>505</u>	<u>90</u>

9. EARNINGS PER SHARE

	2015 HK\$'000	2014 HK\$'000
Earnings		
Earnings for the purpose of basic earnings per share	<u>4,841</u>	<u>35,683</u>
	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>710,861</u>	<u>589,815</u>

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 14 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.

10. 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 announcement.

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.

11. TRADE RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Trade receivables	<u>20,844</u>	<u>28,837</u>

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

The Group does not hold any collateral over these balances.

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	2014
	HK\$'000	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
	<u>20,844</u>	<u>28,837</u>

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

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.

12. TRADE PAYABLES

	2015	2014
	HK\$'000	HK\$'000
Trade payables	<u>6,360</u>	<u>11,979</u>

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

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

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.

13. BANK BORROWINGS

	2015 HK\$'000	2014 HK\$'000
Secured:		
Mortgage loan	42,649	20,270
Unsecured:		
Tax loan	219	–
Revolving loan	12,000	–
	<u>54,868</u>	<u>20,270</u>
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
	<u>54,868</u>	<u>20,270</u>
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
	<u>–</u>	<u>–</u>
Amount shown under non-current liabilities	<u>–</u>	<u>–</u>

14. 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.

The company

	Number of share	Share capital HK\$
Authorised		
Ordinary share of HK\$0.1 each as at date of incorporation (<i>Note a</i>)	3,800,000	380,000
Subdivision of HK\$0.1 each share into 10 shares of HK\$0.01 each (<i>Note c</i>)	34,200,000	–
	<u>38,000,000</u>	<u>380,000</u>
Issued and fully paid		
Ordinary share of HK\$0.1 each at the date of incorporation (<i>Note a</i>)	1	–
Issued and allotted during the period (<i>Note b</i>)	74,999	7,500
Subdivision of HK\$0.1 each share into 10 shares of HK\$0.01 each (<i>Note c</i>)	675,000	–
	<u>750,000</u>	<u>7,500</u>
		HK\$'000
Shown in combined financial statements		<u><u>8</u></u>

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.

15. 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
	<u>323</u>	<u>892</u>

16. 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.

17. 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 14, 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 on 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 announcement, the transaction was not yet completed.

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	<u>111,482</u>	<u>100.0</u>	<u>102,474</u>	<u>100.0</u>

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. 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 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 the Listing Date.

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 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.

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 17 of the combined financial statements in this announcement.

FUTURE PLANS OF MATERIAL INVESTMENTS

As per 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.

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 announcement, the Directors do not anticipate any change to the plan as to use of proceeds. Up to the date of this announcement, 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 announcement, the unused net proceeds were placed with banks in Hong Kong.

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 of the Company by the Group during the period in accordance with Rule 18.78(2) of the GEM Listing Rules.

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 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 announcement (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 the 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.

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. The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 March 2015.

By Order of the Board
i-Control Holdings Limited
Tong Sai Wong
Chairman

Hong Kong, 17 June 2015

As at the date of this announcement, the executive Directors are Mr. Tong Sai Wong, Mr. Chan Wing Yiu and Mr. Chan Wing Lun; the non-executive Directors are Dr. Wong King Keung and Mr. Lin Wing Ching; and the independent non-executive Directors are Dr. Chan Man Hung, Dr. Lai Wing Chueng and Mr. Lum Pak Sum.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company’s website at www.i-control.com.hk.