



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

(incorporated in the Cayman Islands with limited liability)
Stock code: 8355

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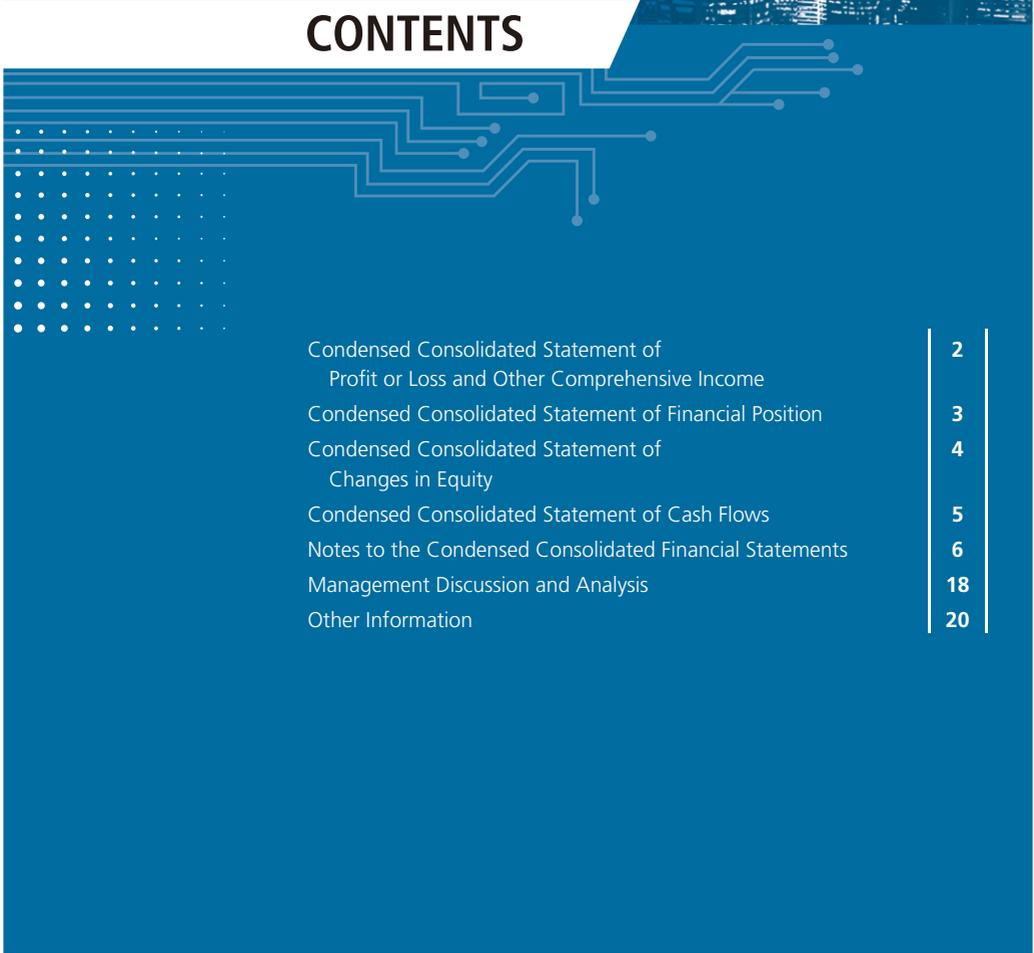
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*This report, for which the directors (the “**Directors**”) of i-Control Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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.*



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The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 September 2015 (the “**Period**”), together with the comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

	Notes	Three months ended 30 September		Six months ended 30 September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	3	47,682	32,261	75,473	54,991
Cost of inventories sold		(28,182)	(20,615)	(42,193)	(32,573)
Staff cost		(7,736)	(3,979)	(12,204)	(7,535)
Depreciation		(584)	(517)	(1,016)	(888)
Other income	3	173	69	204	116
Other operating expenses		(2,378)	(4,131)	(9,272)	(8,970)
Finance costs		(366)	(72)	(687)	(110)
Profit before taxation		8,609	3,016	10,305	5,031
Income tax expense	5	(1,654)	(235)	(2,814)	(1,322)
Profit and total comprehensive income for the period		6,955	2,781	7,491	3,709
Total comprehensive income attributable to:					
Owners of the Company		6,626	2,659	7,287	3,523
Non-controlling interests		329	122	204	186
		6,955	2,781	7,491	3,709
Earnings per share					
Basic and diluted	7	HK0.66 cents	HK0.35 cents	HK0.79 cents	HK0.52 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

		30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
	Notes		
Non-current assets			
Property and equipment	8	98,830	51,989
Deferred tax assets		251	281
		99,081	52,270
Current assets			
Inventories		9,749	5,567
Trade receivables	9	45,696	20,844
Prepayments, deposits and other receivables		2,433	5,367
Bank balances and cash		53,160	14,831
		111,038	46,609
Current liabilities			
Trade payables	10	13,663	6,360
Other payables and accruals		14,615	12,083
Bank borrowings	11	67,732	54,868
Tax payables		3,313	1,370
		99,323	74,681
Net current assets (liabilities)		11,715	(28,072)
Total assets less current liabilities		110,796	24,198
Non-current liability			
Deferred tax liability		335	335
Net assets		110,461	23,863
Capital and reserves			
Share capital	12	10,000	8
Reserves		100,461	21,830
Equity attributable to owners of the Company		110,461	21,838
Non-controlling interests		–	2,025
Total equity		110,461	23,863

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2015

	Attributable to the owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Translation reserve	Retained profits	Subtotal			
	HK\$'000	HK\$'000	(Note a) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 April 2014 (audited)	8,513	-	-	42	15,059	23,614	2,474	26,088	
Profit and total comprehensive income for the period	-	-	-	-	3,523	3,523	186	3,709	
Reorganisation	(3,993)	-	6,297	-	-	2,304	(934)	1,370	
As at 30 September 2014 (unaudited)	4,520	-	6,297	42	18,582	29,441	1,726	31,167	
At 1 April 2015 (audited)	8	-	10,817	(107)	11,120	21,838	2,025	23,863	
Profit and total comprehensive income for the period	-	-	-	-	7,287	7,287	204	7,491	
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	(2,229)	(2,229)	
Issuance of shares	7	-	-	-	-	7	-	7	
Issuance of ordinary shares in connection with the Listing (note b)	2,500	87,500	-	-	-	90,000	-	90,000	
Capitalisation issue (note c)	7,485	(7,485)	-	-	-	-	-	-	
Share issue expenses	-	(8,671)	-	-	-	(8,671)	-	(8,671)	
At 30 September 2015 (unaudited)	10,000	71,344	10,817	(107)	18,407	110,461	-	110,461	

Notes:

- 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.
- In connection with the Company's placing and listing (the "Listing") of its ordinary shares on GEM, the Company issued 250,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.36 for a total consideration (before expenses) of HK\$90,000,000. Dealing in the Company's ordinary shares ("Ordinary Shares") on the GEM commenced on 27 May 2015.
- Pursuant to the written resolution passed by the shareholders of the Company on 11 May 2015, the Directors were authorised to capitalise a sum of HK\$7,485,000 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 748,500,000 shares for allotment and issue to the then shareholders of the Company as at 11 May 2015 in proportion to their then respective shareholdings in the Company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(5,130)	1,964
INVESTING ACTIVITIES		
Acquisition of properties and equipments	(47,857)	–
Interest received	32	2
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(47,825)	2
FINANCING ACTIVITIES		
Net proceed from issuance of ordinary shares in connection with the Listing	81,329	–
Bank borrowings raised	14,800	53,220
Proceed from issuance of shares	7	–
Payment for acquisition of additional interests in subsidiaries	(2,229)	–
Repayment of bank borrowings	(1,936)	(21,346)
Interest paid	(687)	(110)
Dividend paid	–	(10,600)
Repayment to related companies	–	(14,417)
Repayment to directors	–	(7,953)
Repayment from shareholders	–	519
NET CASH FROM (USED IN) FINANCING ACTIVITIES	91,284	(687)
NET INCREASE IN CASH AND CASH EQUIVALENT	38,329	1,279
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	14,831	15,045
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD represented by bank balances and cash	53,160	16,324

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 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 registered office of the Company is Appleby Trust (Cayman) Ltd., Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and the principal place of business is Units A&B, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

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 (the “**PRC**”) and Singapore whose functional currency is Renminbi and Singapore dollar respectively, the functional currency of the Company and other subsidiaries is HK\$.

The Directors consider the immediate and ultimate holding company is Newmark Group Limited (“**Newmark Group**”), which is incorporated in the British Virgin Islands (the “**BVI**”).

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, the consultancy and administrative services to related companies of Newmark Company Limited 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 (“**Prospectus**”).

The Company is engaged in investment holding while the principal subsidiaries are principally engaged in multimedia audio-visual solutions and related system integration services.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements for the six months ended 30 September 2015 have been prepared in accordance with Hong Kong Accounting Standard 34 (“Interim Financial Reporting”) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosures required by the GEM Listing Rules.

The accounting policies and method of computation used in the preparation of these results are consistent with those used in the annual accounts for the year ended 31 March 2015. The Group has adopted new or revised standards, amendments to standards and interpretations of Hong Kong Financial Reporting Standards (“HKFRSs”) which are effective for accounting periods commencing on or after 1 April 2015. The adoption of such new or revised standards, amendments to standards and interpretations does not have material impact on the consolidated accounts and does not result in substantial changes to the Group’s accounting policies.

The Group has not early adopted the new HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of the new HKFRSs will have no material impact on the results and financial position of the Group.

3. 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:

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue				
Service income				
Solution for audiovisual, conferencing, presentation and multimedia control systems including installation services	44,682	29,937	69,302	50,761
Audiovisual system maintenance services	3,000	2,324	6,171	4,230
	47,682	32,261	75,473	54,991
Other income				
Bank interest income	32	1	32	2
Exchange gain	29	63	58	106
Sundry income	112	5	114	8
	173	69	204	116

4. SEGMENT INFORMATION

The Directors 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, 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			
	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Hong Kong (country of domicile)	44,475	30,568	71,642	51,690
The PRC (other than Hong Kong and Macau)	2,228	481	2,586	829
Macau	971	1,212	1,233	2,472
Singapore	8	-	12	-
	47,682	32,261	75,473	54,991

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

	Non-current assets	
	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Hong Kong	98,816	51,971
The PRC	14	18
	98,830	51,989

Non-current assets excluded deferred tax assets.

5. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Current income tax:				
– Hong Kong Profits Tax	1,654	235	2,784	1,233
Deferred taxation	–	–	30	89
Total income tax expense for the period	1,654	235	2,814	1,322

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 September 2015 (for the six months ended 30 September 2014: 16.5%).

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 six months ended 30 September 2015 (for the six months ended 30 September 2014: 25%).

Singapore Corporate Tax is calculated at the rate of 17% on the estimated assessable profit for the six months ended 30 September 2015 (for the six months ended 30 September 2014: 17%).

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

6. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2015 (for the six months ended 30 September 2014: Nil).

7. EARNINGS PER SHARE

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Earnings				
Earnings for the purpose of basic earnings per share	6,626	2,659	7,287	3,523

	Three months ended 30 September		Six months ended 30 September	
	2015 '000	2014 '000	2015 '000	2014 '000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,000,000	749,693	924,863	671,935

The dilutive earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the three months and six months ended 30 September 2015 and 2014.

The weighted average number of ordinary shares in issue during the six months ended 30 September 2015, three months and six months ended 30 September 2014 have been retrospectively adjusted for the effect of the capitalisation issue pursuant to the Reorganisation as stated in the Prospectus as if such capitalisation issued shares were issued during the period on pro rata basis.

8. MOVEMENTS IN PROPERTY AND EQUIPMENT

During the six months ended 30 September 2015, the Group acquired approximately HK\$47,857,000 (six months ended 30 September 2014: Nil) of property and equipment.

9. TRADE RECEIVABLES

	30 September 2015 <i>HK\$'000</i> <i>(Unaudited)</i>	31 March 2015 <i>HK\$'000</i> <i>(Audited)</i>
Trade receivables	45,696	20,844

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:

	30 September 2015 <i>HK\$'000</i> <i>(Unaudited)</i>	31 March 2015 <i>HK\$'000</i> <i>(Audited)</i>
0–30 days	29,543	10,768
31–60 days	5,008	2,574
61–120 days	7,053	3,026
121–365 days	2,819	4,149
Over 365 days	1,273	327
	45,696	20,844

In determining the recoverability of a trade receivables, the Group considers any change in credit quality of the trade receivables 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 during the Period, the directors of the Company consider that no allowance is necessary in respect of these balances.

10. TRADE PAYABLES

	30 September 2015 <i>HK\$'000</i> <i>(Unaudited)</i>	31 March 2015 <i>HK\$'000</i> <i>(Audited)</i>
Trade payables	13,663	6,360

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

	30 September 2015 <i>HK\$'000</i> <i>(Unaudited)</i>	31 March 2015 <i>HK\$'000</i> <i>(Audited)</i>
0 to 60 days	10,021	3,937
61 to 90 days	1,033	269
Over 90 days	2,609	2,154
	13,663	6,360

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.

11. BANK BORROWINGS

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Secured:		
Mortgage loan	55,732	42,649
Unsecured:		
Tax loan	–	219
Revolving loan	12,000	12,000
	67,732	54,868
Bank borrowings repayable:		
On demand or within one year	16,421	15,160
More than one year but not exceeding two years	4,421	2,941
More than two years but not exceeding five years	13,263	8,823
More than five years	33,627	27,944
	67,732	54,868
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)	51,311	39,708
Carrying amount repayable within one year	16,421	15,160
Amount shown under non-current liabilities	–	–

	Maturity date	Effective interest rate	Carrying amount	
			30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Fixed-rate borrowings				
– HKD tax loans	24/5/2015	4.25%	–	219
Floating-rate borrowings				
– HKD mortgage loans ^{(1)&(4)}	21/8/2021	2.25%	41,179	42,649
– HKD mortgage loan ^{(2)&(5)}	24/7/2025	1.94%	14,553	–
– HKD revolving loan ⁽³⁾	Repayable on demand	2.75%	12,000	12,000
			67,732	54,868

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

(2) The floating rate is 1-month HIBOR plus 1.7%.

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

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

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

Notes:

- (a) The borrowings are all denominated in HK\$.
- (b) As at 31 March 2015, all bank borrowings were guaranteed by certain Directors. The guarantees provided by certain Directors have been released upon the Listing on 27 May 2015.
- (c) As at 30 September 2015, bank borrowings of approximately HK\$55,732,000 (31 March 2015: HK\$42,649,000) was secured by land and buildings of the Group with carrying amounts of approximately HK\$97,261,000 (31 March 2015: HK\$51,309,000).
- (d) During the six months ended 30 September 2015, the additional bank borrowings raised amounted to HK\$14,800,000 represents the mortgage loan for the new land and buildings acquired during the Period.

12. SHARE CAPITAL

The share capital as at 30 September 2015 represents the Company's issued share capital after elimination of the Company's investment in subsidiaries upon the completion of Group's reorganisation on 11 May 2015.

The Company

	Number of shares	Share capital HK\$
Authorised		
As at 1 April 2015	38,000,000	380,000
Increase in authorised share capital (<i>Note a</i>)	1,962,000,000	19,620,000
As at 30 September 2015	2,000,000,000	20,000,000
Issued and fully paid		
As at 1 April 2015	750,000	7,500
Issued and allotted on 11 May 2015 (<i>Note b</i>)	750,000	7,500
Issued by capitalisation of share premium account on 11 May 2015 (<i>Note c</i>)	748,500,000	7,485,000
Issued upon placing on 26 May 2015 (<i>Note d</i>)	250,000,000	2,500,000
As at 30 September 2015	1,000,000,000	10,000,000

Notes:

- (a) On 11 May 2015, the authorized share capital of the Company was increased from HK\$380,000 divided into 38,000,000 Ordinary Shares to HK\$20,000,000 into 2,000,000,000 Ordinary Shares.
- (b) On 11 May 2015, the Company acquired the entire interests in i-Control (ITAV) Limited, a wholly-owned subsidiary incorporated in the British Virgin Islands, in consideration of and in exchange for which the Company allotted and issued 750,000 Ordinary Shares in aggregate, credited as fully paid, to the then shareholders of i-Control (ITAV) Limited.
- (c) On 11 May 2015, pursuant to the resolution of the then shareholders of the Company, it was approved to issue 748,500,000 Ordinary Shares of HK\$0.01 each to the then shareholders of the Company by way of capitalization of HK\$7,485,000 from the share premium account arising from the placing of 250,000,000 Ordinary Shares. Such shares were issued on 26 May 2015, being the date of completion of placing.
- (d) On 26 May 2015, the Company issued a total of 250,000,000 Ordinary Shares of 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 credited to the Company's share capital, and HK\$87,500,000, before the share issue expenses, was credited to the share premium account. The Company's total number of issued Ordinary Shares was increased to 1,000,000,000 shares upon completion of placing.

13. OPERATING LEASE COMMITMENT

The Group as lessee

The Group leases certain of its warehouses under operating lease arrangements. Lease for properties are negotiated for terms 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:

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Within one year	352	323
In the second to fifth year inclusive	277	–
	629	323

14. PLEDGE OF ASSETS

As at 30 September 2015, land and buildings of approximately HK\$97,261,000 (31 March 2015: HK\$51,309,000) of the Group were pledged to secure bank borrowings facilities granted to the Group.

15. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The remuneration of key management personnel during the periods was as follows:

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Short-term benefits	2,411	568	3,412	1,142
Post-employment benefits	48	29	82	57
	2,459	597	3,494	1,199

The remuneration of the key management personnel is determined by the Board having regards 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 14, certain banking facilities of the Group during the Period were secured by the guarantees given by certain Directors 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 the Listing on 27 May 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, with other geographical locations, such as Beijing, Shanghai and Macau. The Group's services can mainly be 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.

During the period under review, the Group had no material changes in its business and principal activities. The revenue of the Group increased by approximately 37.2% from approximately HK\$54,991,000 for the six months ended 30 September 2014 to approximately HK\$75,473,000 for the six months ended 30 September 2015.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by 37.2% from approximately HK\$54,991,000 for the six months ended 30 September 2014 to approximately HK\$75,473,000 for the six months ended 30 September 2015.

Revenue generated from solution of audiovisual, conferencing, presentation and multimedia control systems including installation services increased by approximately 36.5% from approximately HK\$50,761,000 for the six months ended 30 September 2014 to approximately HK\$69,302,000 for the six months ended 30 September 2015, which was primarily attributable to completion of several sizeable projects during the six months ended 30 September 2015.

Revenue generated from audiovisual system maintenance services increased by approximately 45.9% from approximately HK\$4,230,000 for the six months ended 30 September 2014 to approximately HK\$6,171,000 for the six months ended 30 September 2015, which was primarily attributable to increase in number of maintenance projects after completion of projects of solution of audiovisual, conferencing, presentation and multimedia control systems including installation services.

Gross operating margin and gross operating margin ratio

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

Gross operating margin increased by 48.5% from approximately HK\$22,418,000 for the six months ended 30 September 2014 to approximately HK\$33,280,000 for the six months ended 30 September 2015, which was primarily attributable to completion of several sizable projects during the six months ended 30 September 2015.

The gross operating margin ratio increased from approximately 40.8% for the six months ended 30 September 2014 to 44.1% for the six months ended 30 September 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.

Staff cost

Staff cost increased from approximately HK\$7,535,000 for the six months ended 30 September 2014 to approximately HK\$12,204,000 for the six months ended 30 September 2015, mainly due to increase in commission for staff which in line with increased in sales and increase in Directors' remuneration after the Listing.

Other operating expenses

Other operating expenses mainly comprise of listing expenses, rental expenses, building management fee, carriage cost and promotion fee increased slightly from approximately HK\$8,970,000 for the six months ended 30 September 2014 to approximately HK\$9,272,000 for the six months ended 30 September 2015.

Income tax expenses

Income tax expenses increased from approximately HK\$1,322,000 for the six months ended 30 September 2014 to approximately HK\$2,814,000 for the six months ended 30 September 2015, which were mainly due to increase in assessable profit for tax purpose, after excluding non-deductible expenses such as listing expenses.

Profit and total comprehensive income for the period

Profit and total comprehensive income for the period increased from approximately HK\$3,709,000 for the six months ended 30 September 2014 to approximately HK\$7,491,000 for the six months ended 30 September 2015, which was mainly due to increase in revenue and gross operating margin netted off with the increase in staff cost and other operating expenses.

OTHER INFORMATION

PROSPECTS

The ordinary shares of the Company were listed on GEM of the Stock Exchange on 27 May 2015 which enhanced the Group's reputation, strengthened its corporate governance and compliance management, as well as established a good foundation for our further expansion.

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 Board believe the Group will continue to have growth in the years to come.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operations and investments were financed principally by cash generated from its own business operations and bank borrowings. As at 30 September 2015, the Group had the net current assets of approximately HK\$11,715,000 (31 March 2015: net current liabilities of approximately HK\$28,072,000) and had cash and cash equivalents of approximately HK\$53,160,000 (31 March 2015: HK\$14,831,000). Net current assets/liabilities of the Group as at 30 September 2015 and 31 March 2015 included carrying amount of the bank borrowings of approximately HK\$51,311,000 and HK\$39,708,000 respectively that were not repayable within one year from the end of the reporting period but are repayable on demand. 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 30 September 2015, the gearing ratio (calculated on the basis of total debts divided by total assets at the end of the reporting period under review) of the Group was approximately 32.2% (31 March 2015: 55.5%).

FOREIGN CURRENCY RISK

The majority of the Group's business activities are in Hong Kong and are denominated in 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 to hedge significant foreign currency exposure should the need arise.

CAPITAL COMMITMENT

As at 30 September 2015, the Group did not have any significant capital commitments (31 March 2015: Nil).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2015.

CAPITAL STRUCTURE

There was no change in the capital structure during the six months ended 30 September 2015. The capital structure of the Group consists of bank borrowings net of bank balances and cash and 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 30 September 2015, land and buildings of approximately HK\$97,261,000 (31 March 2015: HK\$51,309,000) of the Group were pledged to secure bank borrowings facilities granted to the Group. As at 30 September 2015, all bank borrowings were guaranteed by the Group. As at 31 March 2015, all bank borrowings were guaranteed by certain Directors.

Save as disclosed above, the Group has no contingent liabilities as at 30 September 2015 and 31 March 2015.

MATERIAL ACQUISITION

Pursuant to the announcement by the Company on 11 June 2015, Deluxe Peace Limited, an indirect wholly owned subsidiary of the Company, entered into provisional sales and purchase agreements with independent third parties to purchase a warehouse premises and a car park space for own use with an aggregate consideration of approximately HK\$42,380,000. The transactions have been completed on 24 July 2015.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2015, the Group employed 71 (31 March 2015: 67) full time employees. The remuneration policy of the Group to reward its employees and executives is based on both individual's and the Group's performance, qualification, working experience, competence displayed and selected market comparables. The Group regards quality staff as one of the key factors to corporate success.

USE OF PROCEEDS

The net proceeds from the Placing were approximately HK\$66.3 million, which was based on the final placing price of HK\$0.36 per Ordinary Share and the actual expenses on the Listing. The Group intends to apply such net proceeds as follows:

	Planned use of proceeds as stated in the Prospectus during the Period From Listing <i>HK\$'million</i>	Actual use of proceeds during the Period From Listing <i>HK\$'million</i>
To recruit approximately five senior and experienced sales staff to expand the video conferencing and multimedia audiovisual solution business in Hong Kong	11.5	–
To acquire a warehouse in Hong Kong	32.7	32.7
To set up new regional offices with showrooms and recruit approximately 15 new staff in Beijing, Shanghai and Singapore	13.7	0.1
To carry out marketing and promotion activities on both traditional and new media platforms to improve public awareness of the Group and further strengthen its position in Hong Kong, the PRC and Singapore	2.4	1.0
For working capital and other general corporate purposes	6.0	–

The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds was applied in accordance with the actual development of the market.

As at 30 September 2015, approximately HK\$33.8 million out of the net proceeds from the Listing had been used. The unused net proceeds were deposited in licensed banks in Hong Kong.

The Company intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period from the date of the Listing to 30 September 2015 (the "**Period From Listing**"), neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

The share option scheme of the Company (the "**Share Option Scheme**") was adopted under the written resolutions of the shareholders of the Company passed on 11 May 2015. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group.

No share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the Period From Listing and there were no outstanding share options under the Share Option Scheme as at 30 September 2015 and up to the date of this report.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by 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 has also made specific enquiries with all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions during the period under review.

DISCLOSURE OF INTERESTS

As at 30 September 2015, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("**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 Rule 5.46 of the GEM Listing Rules, were as follows:

(i) Interests in the Company

Name	Capacity/Nature of interests	Number of shares (Note 1)	Approximate percentage of issued 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. WY Chan ")	Beneficial owner	47,520,000	4.75%
Mr. Chan Wing Lun (" Mr. WL Chan ")	Beneficial owner	47,520,000	4.75%
Mr. Lin Wing Ching (" Mr. Lin ")	Beneficial owner	4,800,000	0.49%

Notes:

- (1) All interests 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	38.60%
Mr. Tong	Newmark Group	Beneficial interests	198	19.80%
Mr. WY Chan	Newmark Group	Beneficial interests	198	19.80%
Mr. WL Chan	Newmark Group	Beneficial interests	198	19.80%
Mr. Lin	Newmark Group	Beneficial interests	20	2.00%

Save as disclosed above, as at 30 September 2015, 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 Division 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 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 30 September 2015, the Directors and chief executive are not aware of any other person, not being 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 above, at no time during the Period 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).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 September 2015, none of the Directors or their respective close associates (as defined in the GEM Listing Rules) 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.

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 30 September 2015 and the date of this report.

CORPORATE GOVERNANCE PRACTICES

The Company maintains a high standard of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "**CG Code**"). To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code since the date of Listing and up to the date of this report.

REVIEW OF RESULTS

The Board has established an audit committee (the "**Audit Committee**") on 11 May 2015, which operates under terms of reference approved by the Board. 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 unaudited consolidated results of the Group for the six months ended 30 September 2015 with the management of the Company and is of the view that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board

Tong Sai Wong

Chairman

Hong Kong, 10 November 2015

As at the date of this report, 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.