



THIRD
QUARTERLY
REPORT
2016

i-CONTROL

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.

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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 nine months ended 31 December 2016 (the “**Period**”), together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2016

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2016	2015	2016	2015
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	3	50,820	35,369	109,268	110,842
Cost of inventories sold		(28,866)	(21,357)	(62,659)	(63,550)
Staff cost		(9,330)	(8,622)	(22,373)	(20,826)
Depreciation		(849)	(868)	(2,401)	(1,884)
Other income	3	281	421	910	625
Other operating expenses		(2,698)	(2,496)	(5,805)	(11,768)
Finance costs		(290)	(309)	(852)	(996)
Profit before taxation		9,068	2,138	16,088	12,443
Income tax expense	5	(1,560)	(392)	(2,864)	(3,206)
Profit for the period		7,508	1,746	13,224	9,237
Attributable to:					
Owners of the Company		7,508	1,746	13,224	9,033
Non-controlling interests		-	-	-	204
		7,508	1,746	13,224	9,237
Profit for the period		7,508	1,746	13,224	9,237
Other comprehensive expenses					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translating a foreign operation		(9)	-	(70)	-
Total comprehensive income for the period		7,499	1,746	13,154	9,237
Total comprehensive income attributable to:					
Owners of the Company		7,499	1,746	13,154	9,033
Non-controlling interests		-	-	-	204
		7,499	1,746	13,154	9,237
Earnings per share					
Basic and diluted	7	HK0.75 cents	HK0.17 cents	HK1.32 cents	HK0.95 cents

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2016

	Attributable to the owners of the Company						Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 (note a)	Translation reserve HK\$'000	Retained profits HK\$'000	Subtotal HK\$'000		
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	-	-	-	-	9,033	9,033	204	9,237
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 31 December 2015 (unaudited)	10,000	71,344	10,817	(107)	20,153	112,207	-	112,207
At 1 April 2016 (audited)	10,000	71,344	10,817	(22)	22,906	115,045	-	115,045
Profit and total comprehensive income for the period	-	-	-	(70)	13,224	13,154	-	13,154
2016 final dividend paid	-	(6,000)	-	-	-	(6,000)	-	(6,000)
At 31 December 2016 (unaudited)	10,000	65,344	10,817	(92)	36,130	122,199	-	122,199

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 of the Company's 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2016

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 Estera Trust (Cayman) Limited, 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 Company is engaged in investment holding while the principal subsidiaries are principally engaged in multimedia audio-visual solutions and related system integration services.

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**").

The financial statements are presented in Hong Kong dollars ("**HK\$**"), 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\$.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements for the nine months ended 31 December 2016 have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

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 2016. The Group has adopted new or revised standards, amendments to standards and interpretations of HKFRSs which are effective for accounting periods commencing on or after 1 April 2016. The adoption of such new or revised standards, amendments to standards and interpretations does not have materials impact on the consolidated accounts and does not result in substantial changes to the Group's accounting policies.

Notes to the Condensed Consolidated Financial Statements

For the nine months ended 31 December 2016

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 31 December		Nine months ended 31 December	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Revenue				
Service income				
Solution for audiovisual, conferencing, presentation and multimedia control systems including installation services	47,305	32,323	98,876	101,625
Audiovisual system maintenance services	3,515	3,046	10,392	9,217
	50,820	35,369	109,268	110,842
Other income				
Rental income	139	–	409	–
Bank interest income	18	23	51	55
Exchange gain	30	31	75	89
Sundry income	94	367	375	481
	281	421	910	625

Notes to the Condensed Consolidated Financial Statements

For the nine months ended 31 December 2016

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 31 December		Nine months ended 31 December	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Hong Kong (country of domicile)	43,407	31,185	98,698	102,827
The PRC (other than Hong Kong and Macau)	1,454	152	3,296	2,738
Macau	5,953	3,846	6,537	5,079
Singapore	6	186	737	198
	50,820	35,369	109,268	110,842

Notes to the Condensed Consolidated Financial Statements

For the nine months ended 31 December 2016

5. INCOME TAX EXPENSE

	Three months ended 31 December		Nine months ended 31 December	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Current income tax				
– Hong Kong Profits Tax	1,473	392	2,732	3,176
– Singapore Corporate Tax	62	–	62	–
	1,535	392	2,794	3,176
Deferred taxation	25	–	70	30
Total income tax expense for the period	1,560	392	2,864	3,206

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the nine months ended 31 December 2016 (for the nine months ended 31 December 2015: 16.5%).

Singapore Corporate Tax is calculated at the rate of 17% on the estimated assessable profit for the nine months ended 31 December 2016 (for the nine months ended 31 December 2015: 17%).

No provision for the PRC Enterprise Income Tax (the "EIT") has been made as the Group has no assessable profit subject to the EIT for the nine months ended 31 December 2016 and 2015.

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 nine months ended 31 December 2016 (for the nine months ended 31 December 2015: Nil).

The payment of a final dividend of HK0.6 cents per share amounted to HK\$6,000,000 for the year ended 31 March 2016 has been resolved and declared at the annual general meeting of the Company held on 8 August 2016. The date of payment was on 9 September 2016.

Notes to the Condensed Consolidated Financial Statements

For the nine months ended 31 December 2016

7. EARNINGS PER SHARE

	Three months ended 31 December		Nine months ended 31 December	
	2016	2015	2016	2015
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Earnings				
Earnings for the purpose of basic earnings per share	7,508	1,746	13,224	9,033

	Three months ended 31 December		Nine months ended 31 December	
	2016	2015	2016	2015
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,000,000	1,000,000	1,000,000	950,000

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 nine months ended 31 December 2016 and 2015.

The weighted average number of ordinary shares in issue during the nine months ended 31 December 2015 have been retrospectively adjusted for the effect of the capitalisation issue pursuant to the group reorganization of the Company and its subsidiaries to rationalize the structure of the Group in preparation of the Listing.

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 Shanghai, Macau and Singapore. 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.

After the Listing, the Group purchased a warehouse and a car park space for service excellence and operation effectiveness. The Group also set up a new office in Shanghai to explore new business opportunities. Moving forward, 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.

FINANCIAL REVIEW

Revenue

The Group's revenue slightly decreased by 1.4% from approximately HK\$110,842,000 for the nine months ended 31 December 2015 to approximately HK\$109,268,000 for the nine months ended 31 December 2016.

Revenue generated from solution of audiovisual, conferencing, presentation and multimedia control systems including installation services slightly decreased by 2.7% from approximately HK\$101,625,000 for the nine months ended 31 December 2015 to approximately HK\$98,876,000 for the nine months ended 31 December 2016 mainly caused by decrease in number of projects in public sector.

Revenue generated from audiovisual system maintenance services increased by approximately 12.7% from approximately HK\$9,217,000 for the nine months ended 31 December 2015 to approximately HK\$10,392,000 for the nine months ended 31 December 2016. The increase was primarily attributable to the 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 slightly decreased by 1.4% from approximately HK\$47,292,000 for the nine months ended 31 December 2015 to approximately HK\$46,609,000 for the nine months ended 31 December 2016 which was in line with the slightly decrease in revenue.

The gross operating margin ratio remained stable at around 43% for both nine months ended 31 December 2015 and 31 December 2016.

Staff cost

Staff cost increased by 7.4% from approximately HK\$20,826,000 for the nine months ended 31 December 2015 to approximately HK\$22,373,000 for the nine months ended 31 December 2016. This was mainly due to (i) increase in directors' remuneration after the Listing, (ii) general increment in salaries level; and (iii) increase in number of employees for the nine months ended 31 December 2016 compared with nine months ended 31 December 2015.

Other operating expenses

Other operating expenses mainly comprised listing expenses, legal and professional expenses, rental expenses, building management fee, carriage cost and promotion fee. Other operating expenses decreased from approximately HK\$11,768,000 for the nine months ended 31 December 2015 to approximately HK\$5,805,000 for the nine months ended 31 December 2016 mainly because the listing expenses of approximately HK\$4,800,000 and other promotion expenses right after the Listing charged during the nine months ended 31 December 2015 were not incurred for the nine months ended 31 December 2016.

Income tax expenses

Income tax expenses decreased from approximately HK\$3,206,000 for the nine months ended 31 December 2015 to approximately HK\$2,864,000 for the nine months ended 31 December 2016, which was mainly due to a decrease in assessable profit in Hong Kong for tax purposes, after excluding non-deductible expenses such as listing expenses.

Profit for the period

Profit for the period increased from approximately HK\$9,237,000 for the nine months ended 31 December 2015 to approximately HK\$13,224,000 for the nine months ended 31 December 2016, which was mainly due to (i) decrease in listing expenses for the Listing; (ii) decrease in promotion and expenses which were partially offset by (iii) increase in staff cost.

OTHER INFORMATION

PROSPECTS

The Company was listed on GEM on 27 May 2015 which enhanced the Group's reputation, strengthened the 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 over time.

CONTINGENT LIABILITIES

The Group has no contingent liabilities as at 31 December 2016 (31 March 2016: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, the Group employed 73 (31 March 2016: 70) full time employees. The remuneration policies of the Group to award 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 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, amounted to approximately HK\$66.3 million. The Group intends to apply such net proceeds as follows:

	Planned use of proceeds as stated in the prospectus of the Company dated 14 May 2015 ("Prospectus") during the period from Listing HK\$'million	Actual use of proceeds during the period from Listing HK\$'million
To recruit approximately five senior and experienced sales staff to expand the video conferencing and multimedia audiovisual solution business in Hong Kong	11.5	2.5
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	1.2
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	1.6
For working capital and other general corporate purposes	6.0	6.0

Other Information

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 uses of net proceeds raised from placing the shares of the Company were applied in accordance with the actual development of the market.

As at 31 December 2016, approximately HK\$44.0 million out of the net proceeds from the Listing has been used. The unused net proceeds were deposited in licensed banks in Hong Kong.

The Company currently 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. In the event that the Directors consider it necessary to change the use of net proceeds from that stated in the Prospectus, the Company will make an appropriate announcement in accordance with the relevant provision of the GEM Listing Rules.

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

During the Period, 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 contribution to the Group.

No share options were granted, exercised or cancelled by the Company under the Share Option Scheme during the Period and there were no outstanding share options under the Share Option Scheme as at 31 December 2016 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 Rule 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.

DISCLOSURE OF INTEREST

(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 at 31 December 2016, 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 (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 Rule 5.46 of the GEM Listing Rules, were as follows:

(i) Interests in the Company

Name	Capacity/Nature of interest	Number of Shares (Note 1)	Approximate percentage of issued Shares
Dr. Wong King Keung ("Dr. Wong")	Beneficial owner Interest of controlled corporation (Note 2)	92,640,000 510,000,000	9.26% 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 interest stated are long positions.
- (2) These 510,000,000 shares of the Company 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 of the Company in which Newmark Group has, or deemed to have, an interest.

Other Information

(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 31 December 2016, none of the Directors and chief executives 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

As at 31 December 2016, so far as is known to the Directors and chief executives of the Company, the following persons (other than the Directors or chief executives of the Company) had, or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, were as follows:

Name	Capacity/Nature of interest	Number of Shares (Note 1)	Approximately percentage of issued shares
Newmark Group	Beneficial owner	510,000,000	51.00%
Wong Lau Sau Yee Angeli (Note 2)	Interest of spouse	602,640,000	60.26%

Notes:

- (1) All interest stated are long positions.
- (2) Ms. Wong Lau Sau Yee Angeli is the spouse of Dr. Wong. By virtue of the SFO, Ms. Wong Lau Sau Yee Angeli is deemed to be interested in the entire 602,640,000 shares of the Company in which Dr. Wong is deemed to be interested.

Save as disclosed above, as at 31 December 2016, the Directors and chief executives of the Company are not aware of any other person, not being a Director or chief executives of the Company, who had, or were deemed or taken to have 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 executives 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 31 December 2016, 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.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Central China International Capital Limited ("**Central China**"), neither Central China 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 Central China in May 2015) as at 31 December 2016 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 during the Period 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 with the management the unaudited consolidated results of the Group for the Period 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, 9 February 2017

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.