
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in i-Control Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

The Stock Exchange of Hong Kong Limited and Hong Kong Exchanges and Clearing Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

PHOENIX TIME HOLDINGS LIMITED

*(Incorporated in the British Virgin Islands
with limited liability)*

i-CONTROL HOLDINGS LIMITED

超智能控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8355)

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO
UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY
CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED FOR AND ON BEHALF OF
PHOENIX TIME HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN
i-CONTROL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
PHOENIX TIME HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

**Financial adviser to
Phoenix Time Holdings Limited**



Joint Financial Advisers to the Company



(A wholly-owned subsidiary of Vinco Financial Group Limited)

Independent Financial Adviser to the Independent Board Committee of i-Control Holdings Limited



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from CCIC is set out on pages 6 to 16 of this Composite Document. A letter from the Board is set out on pages 17 to 22 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 23 to 24 of this Composite Document. A letter from the Independent Financial Adviser containing its advice on the Offer to the Independent Board Committee is set out on pages 25 to 44 of this Composite Document.

The procedures for acceptance of the Offer and other related information are set out on pages I-1 to I-7 in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. on Thursday, 7 December 2017, or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or, the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the sub-paragraph headed "Overseas Shareholders" under the paragraph headed "Principal Terms of the Offer" in the "Letter from CCIC" on page 11 of this Composite Document and in paragraph 7 of Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

16 November 2017

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate.

All time and date references contained in this Composite Document refer to Hong Kong time and dates.

Time and Date

Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer (*Note 1*) Thursday, 16 November 2017

Latest time and date for acceptance of the Offer (*Note 2*) 4:00 p.m. on Thursday, 7 December 2017

Closing Date (*Notes 2 and 4*) Thursday, 7 December 2017

Announcement in respect of the results of the Offer to be published on the website of the Stock Exchange (*Note 2*) not later than 7:00 p.m. on Thursday, 7 December 2017

Latest date for posting of remittances in respect of valid acceptances received under the Offer (*Notes 3 and 4*) Monday, 18 December 2017

Notes:

1. The Offer, which is unconditional in all respects, is made on 16 November 2017, being the date of posting of this Composite Document, and is capable of acceptance on and from that date until the Closing Date, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code.
2. The Offer, which is unconditional in all respects, will be closed on the Closing Date. The latest time for acceptance is at 4:00 p.m. on Thursday, 7 December 2017 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be published through the Stock Exchange website by 7:00 p.m. on Thursday, 7 December 2017 stating whether the Offer has been revised or extended or has expired. In the event that the Offeror decides that the Offer will remain open until further notice, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
3. Remittances in respect of the cash consideration (after deducting the seller's Hong Kong ad valorem stamp duty in respect of acceptances of the Offer) payable for the Shares tendered under the Offer will be despatched to the accepting Shareholders of Offer Shares by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days from the date of receipt by the Registrar of all the requisite documents, from the Independent Shareholders of Offer Shares accepting the Offer, of the valid requisite documents.

Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed "Right of withdrawal" in Appendix I to this Composite Document.
4. If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the Closing Date, the time and date of the close of the Offer will remain at 4:00 p.m. on the same Business Day; or
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Closing Date, the time and date of the close of the Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve.

EXPECTED TIMETABLE

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

DEFINITIONS

/this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:

“%”	per cent.
“18 July Announcement”	the announcement of the Company dated 18 July 2017 pursuant to Rule 3.7 of the Takeovers Code, on which the Offer Period commenced
“acting in concert”	has the meaning ascribed in the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	has the meaning ascribed in the Takeovers Code
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“CCIC”	Central China International Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the Offeror in respect of the Offer
“Closing Date”	Thursday, 7 December 2017, being the closing date of the Offer, which is 21 days after the date on which this Composite Document is posted, or if this Offer is extended, any subsequent closing date of the Offer as determined and announced by the Offeror with consent of the Executive in accordance with the Takeovers Code
“Company”	i-Control Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement which took place on 6 October 2017
“Composite Document”	this composite offer and response document to be jointly despatched by the Offeror and the Company in accordance with the Takeovers Code, containing, among other things, details of the Offer

DEFINITIONS

“Director(s)”	the director(s) of the Company from time to time
“Encumbrances”	includes, without any limitation, any mortgage, charge, pledge, lien, (otherwise than arising by statute or operation of law), equities, hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-repurchase or sale-and-leaseback arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance and transfer of Shares in respect of the Offer
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board (comprising all the three independent non-executive Directors namely Dr. Chan Man Hung, Dr. Lai Wing Chueng and Mr. Lum Pak Sum) which has been established to advise the Independent Shareholders in relation to the terms and conditions of the Offer and as to their acceptance. The two non-executive Directors namely Dr. Wong King Keung and Mr. Lin Wing Ching are not members of the Independent Board Committee as they are among the Vendors and are hence considered to be interested in the Offer
“Independent Financial Adviser”	Akron Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser appointed to advise the Independent Board Committee in relation to the Offer

DEFINITIONS

“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Joint Announcement”	the announcement jointly issued by the Company and the Offeror on 13 October 2017 in relation to, among other things, (1) the acquisition of Sale Shares in the Company by the Offeror; and (2) the Offer
“Last Trading Day”	4 October 2017, being the last trading day of the Shares immediately prior to the halt in trading of the Shares on the Stock Exchange at 1:00 p.m. on 6 October 2017 pending the release of the Joint Announcement
“Latest Practicable Date”	14 November 2017, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Memorandum of Understanding”	the memorandum of understanding dated 14 July 2017 entered into among the Offeror and the Vendors in relation to the sale and purchase of the Sale Shares, as disclosed in the 18 July Announcement and in the Joint Announcement
“Mr. Cheng”	Mr. Cheng Kai Ming Charles, the ultimate beneficial owner and a director of Brilliant Future Limited
“Mr. Zhong”	Mr. Zhong Naixiong (鍾乃雄), the ultimate beneficial owner and a director of the Offeror
“Ms. Chim”	Ms. Chim Mei Hing, a director of Brilliant Future Limited and spouse of Mr. Cheng
“NAV”	net asset value
“Offer”	the unconditional mandatory cash offer by CCIC for and on behalf of the Offeror for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Offer Period”	has the meaning ascribed to it under the Takeovers Code
“Offer Price”	the price per Offer Share at which the Offer will be made in cash, being HK\$0.36 per Offer Share
“Offer Share(s)”	all the Share(s) in issue, other than those Shares already owned by the Offeror and parties acting in concert with it

DEFINITIONS

“Offeror”	Phoenix Time Holdings Limited, a company incorporated in the British Virgin Islands with the address of its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
“Overseas Shareholder(s)”	Independent Shareholder(s) whose address(es) as shown on the register of members of the Company is(are) outside Hong Kong
“PRC”	the People’s Republic of China, which for the purpose of this Composite Document, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Register of Members”	the register of members of the Company
“Registrar”	Tricor Investor Services Limited, the branch share registrar and transfer agent of the Company in Hong Kong located at 22/F, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing from 18 January 2017, being the date falling six months preceding the date of the 18 July Announcement, up to and including the Latest Practicable Date
“Sale and Purchase Agreement”	the sale and purchase agreement dated 6 October 2017 entered into among the Offeror and the Vendors in relation to the sale and purchase of the Sale Shares
“Sale Share(s)”	the 600,000,000 Shares acquired by the Offeror from the Vendors pursuant to the terms of the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Undertaking”	the irrevocable undertaking given by Dr. Wong King Keung under the Sale and Purchase Agreement pursuant to which Dr. Wong King Keung will not, among other things, tender any or all of the Shares held by him for acceptance under the Offer
“Vendors”	collectively, Dr. Wong King Keung, Mr. Tong Sai Wong, Mr. Chan Wing Yiu, Mr. Chan Wing Lun and Mr. Lin Wing Ching

LETTER FROM CCIC



Suite 3108
Two Exchange Square
8 Connaught Place, Central
Hong Kong

16 November 2017

To the Independent Shareholders

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY
CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED FOR
AND ON BEHALF OF
PHOENIX TIME HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN
i-CONTROL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
PHOENIX TIME HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

On 13 October 2017, the Offeror and the Company jointly announced that, among others, the Offeror and the Vendors entered into the Sale and Purchase Agreement on 6 October 2017 pursuant to which the Offeror agreed to acquire and the Vendors agreed to sell an aggregate of 600,000,000 Shares, representing 60.00% of the entire issued share capital of the Company at an aggregate consideration of HK\$216,000,000 (equivalent to HK\$0.36 per Sale Share). Completion took place immediately upon signing of the Sale and Purchase Agreement on 6 October 2017. The consideration for the Offeror's acquisition of the Sale Shares was HK\$216,000,000 and has been fully settled.

Immediately following Completion, the Offeror and parties acting in concert with it are interested in 600,000,000 Shares, representing 60.00% of the entire issued share capital of the Company as at the Latest Practicable Date.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned by the Offeror and parties acting in concert with it.

This letter sets out, among others, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms and procedures of acceptance of the Offer are set out in this letter, Appendix I to this Composite Document of which this letter forms part, and the accompanying Form of Acceptance. Terms used in this letter shall have the same meanings as defined in this Composite Document unless the context otherwise requires.

Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee"

LETTER FROM CCIC

and the “Letter from the Independent Financial Adviser” and the appendices as set out in this Composite Document and to consult their professional advisers before reaching a decision as to whether or not to accept the Offer.

PRINCIPAL TERMS OF THE OFFER

CCIC, for and on behalf of the Offeror, will make the Offer to all to acquire all the Offer Shares, in compliance with the Takeovers Code on terms to be set out in the Composite Document on the following basis:

For each Offer Share HK\$0.36 in cash

The Offer is unconditional in all respects. The Offer Price of HK\$0.36 per Offer Share is the same as the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer Shares to be acquired under the Offer will be fully paid and free from all Encumbrances together with all rights attached thereto, including, but not limited to, all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document, or subsequently attached to them.

As at the Latest Practicable Date, there are 1,000,000,000 Shares in issue.

Comparison of value

The Offer Price of HK\$0.36 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement and represents:

- (a) a premium of approximately 1.41% over the closing price of HK\$0.355 per Share, as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 1.41% over the closing price of HK\$0.355 per Share, as quoted on the Stock Exchange on the last trading day immediately preceding the date of the 18 July Announcement;
- (c) a premium of approximately 1.98% over the average closing price of HK\$0.353 per Share, being the average closing price of the Shares for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 2.71% over the average closing price of HK\$0.3505 per Share, being the average closing price of the Shares for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 2.13% over the average closing price of approximately HK\$0.3525 per Share, being the average closing price of the Shares for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 180.92% to the Company’s audited NAV of approximately HK\$0.128 per Share based on the Group’s audited consolidated NAV (excluding non-controlling interests) of approximately HK\$128,151,000 as at 31 March 2017 and 1,000,000,000 Shares in issue as at the date of this Composite Document;

LETTER FROM CCIC

- (g) a premium of approximately 191.94% to the Company's unaudited NAV of approximately HK\$0.123 per Share based on the Group's unaudited consolidated NAV (excluding non-controlling interests) of approximately HK\$123,311,000 as at 30 September 2017 and 1,000,000,000 Shares in issue as at the date of this Composite Document; and
- (h) a discount of approximately 5.26% to the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.395 per Share on 16 October 2017 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.22 per Share on 3 February 2017.

Value of the Offer

As of the Latest Practicable Date, there were 1,000,000,000 Shares in issue. Based on the Offer Price of HK\$0.36 per Share, the entire issued share capital of the Company is valued at HK\$360,000,000. Given that the Offeror and parties acting in concert with it hold in aggregate 600,000,000 Shares, a total of 400,000,000 Offer Shares will be subject to the Offer. Based on the Offer Price of HK\$0.36, the total consideration for the Offer would be HK\$144,000,000 (assuming full acceptance of the Offer).

Confirmation of financial resources

Based on the Offer Price of HK\$0.36 per Share, the fact that a total of 400,000,000 Offer Shares will be subject to the Offer, and that 150,000,000 Shares held by Dr. Wong King Keung are subject to the Undertaking, the maximum consideration for 250,000,000 Offer Shares payable by the Offeror would be HK\$90,000,000. The Offeror intends to finance and satisfy this amount by cash from Mr. Zhong's own funds. There is no arrangement in relation to any facilities under which the payment of interest on, repayment of or security for any liability, contingent or otherwise, will depend, to any significant extent, on the business of the Company.

CCIC, as financial adviser to the Offeror, is satisfied that sufficient resources are available to the Offeror to satisfy full acceptance of the Offer.

LETTER FROM CCIC

Dealing and interest in the Company's securities

Save for the Sale Shares under the Sale and Purchase Agreement and as disclosed below (based on trading records), none of the Offeror, Mr. Zhong nor parties acting in concert with any of them has dealt in the Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period:

On 19 April 2017, Ms. Chim¹ acquired an aggregate of 100,000 Shares at the price of HK\$0.28 for a total consideration of HK\$28,135.76;

On 23 May 2017, Ms. Chim acquired an aggregate of 250,000 Shares at the price of HK\$0.35 for a total consideration of HK\$87,830.99;

On 7 June 2017, Ms. Chim acquired an aggregate of 230,000 Shares at the price of HK\$0.335 for a total consideration of HK\$77,341.97; and

On 19 July 2017, Ms. Chim disposed of 100,000 Shares at the price of HK\$0.365, 50,000 Shares at the price of HK\$0.37, 160,000 Shares at the price of HK\$0.36, and 270,000 Shares at the price of HK\$0.345 for a total consideration of HK\$204,970.62.

Note:

1. A portion of the aggregate consideration for the Offeror's acquisition of the Sale Shares was financed by a loan to the Offeror from Brilliant Future Limited, a company incorporated in the BVI with limited liability, whose sole ultimate beneficial owner is Mr. Cheng and whose directors are Mr. Cheng and Ms. Chim. As such, Brilliant Future Limited is presumed to be acting in concert with the Offeror under the Takeovers Code. Neither the Sale Shares nor Offer Shares to be acquired by the Offeror are subject to any security or pledge arrangement in connection with such financing.

Other arrangements

Save as disclosed herein, as at the Latest Practicable Date:

- (i) none of the Offeror or any parties acting in concert with it has entered into any arrangements of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other person;
- (ii) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (iii) save for the Undertaking, none of the Offeror, Mr. Zhong nor parties acting in concert with it has received any irrevocable commitment to accept or to reject the Offer;
- (iv) none of the Offeror, its ultimate beneficial owners, nor any party acting in concert with any one of them had borrowed or lent any Shares or convertible securities, warrants, options or derivatives of the Company;
- (v) save for the Sale Shares, none of the Offeror, its directors, or parties acting in concert with it owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;

LETTER FROM CCIC

- (vi) the Offeror confirms that other than the consideration paid under the Sale and Purchase Agreement and the consideration to be paid under the Offer, none of the Vendors nor the parties acting in concert with any of them will receive any other consideration or benefits in any form from the Offeror or parties acting in concert with it;
- (vii) the Offeror confirms that other than the Memorandum of Understanding and the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) that exists between the Offeror or any person acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;
- (viii) the Offeror has no intention to transfer, charge or pledge any securities in the Company acquired pursuant to the Offers to any other person, or had any agreement, arrangement or understanding with any third party to do so;
- (ix) as at the Latest Practicable Date, no benefits were to be given to any of the Directors as compensation for loss of office or otherwise in connection with the Offer; and
- (x) as at the Latest Practicable Date, there was no agreement or arrangement to which the Offeror and/or parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.

Stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, which will be deducted from the cash amount payable by the Offeror to such person on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Effects of accepting the Offer

By accepting the Offer, the relevant Independent Shareholders will sell their Shares to the Offeror or its nominee(s) free from all liens, claims and Encumbrances and with all rights attached thereto, including but not limited to the right to receive all dividends paid, declared or made, if any, on or after the date on which the Offer is made, being the date of the posting of this Composite Document.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

LETTER FROM CCIC

The Offer is unconditional in all respects and will remain open for acceptance from the date of this Composite Document until 4:00 p.m. (Hong Kong time) on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. Acceptance of the Offer tendered by the Independent Shareholders shall be unconditional and irrevocable once given and cannot be withdrawn except as permitted under the Takeovers Code.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event, within seven (7) Business Days of the date on which the duly completed acceptances of the Offer and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

Overseas Shareholders

The Offer will be in respect of securities of a company incorporated in the Cayman Islands and will be subject to the procedural and disclosure requirements of Hong Kong, which may be different from other jurisdictions. The Independent Shareholders who wish to participate in the Offer but with a registered address in jurisdictions outside Hong Kong will also be subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer.

The Independent Shareholders who have registered addresses outside Hong Kong and wish to accept the Offer should satisfy themselves as to the full observance of all applicable laws and regulations of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer of other taxes due by such accepting Independent Shareholders in respect of such jurisdiction). Acceptance of the Offer by any Independent Shareholders who have registered addresses outside Hong Kong will be deemed to constitute a representation and warranty from such Independent Shareholder to the Offeror that he/she is permitted under all applicable laws and regulations to receive and accept the Offer, that the local laws and requirements have been complied with and that such acceptance shall be valid and binding in accordance with applicable laws. The Independent Shareholders should consult their professional advisers in case of any doubt.

Compulsory acquisition

The Offeror does not intend to avail itself of any powers of compulsory acquisition of the Shares after the close of the Offer.

LETTER FROM CCIC

INFORMATION ON THE COMPANY

Details of the information on the Company are set out in the “Letter from the Board” in this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability and its sole ultimate beneficial owner is Mr. Zhong.

Save for entering into the Sale and Purchase Agreement and obtaining financing for the Offer, the Offeror has not conducted any other business since its incorporation.

Immediately prior to entering into the Sale and Purchase Agreement, the Offeror and parties acting in concert with it did not have any interest in any securities of the Company, and are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

Mr. Zhong and Mr. Yau Wing Keung are the directors of the Offeror.

Mr. Zhong, aged 54, is an experienced investor in various businesses in both Hong Kong and PRC. He has more than 15 years of working experience in property development and in investment business. Mr. Zhong founded Guangdong Puxun Industry Investment Company Limited* (廣東普迅實業投資有限公司), a company principally engaged in industrial investments, investment management, marketing planning, trade and commerce information consulting and business management consulting and Foshan Xingpu Investment Company Limited* (佛山市興普投資有限公司), a company principally engaged in industrial investments, investment management, domestic trading, marketing planning and commodities information consulting.

Mr. Zhong also acts as the honorable chairman of the board of Nenking Holdings Group Company Limited* (能興控股集團有限公司), a company which, together with its subsidiaries and affiliates, is principally engaged in property development, property management, financial services, pharmaceutical, sports and cultural, trading and procurement services and investment holding, and the chairman of Long Lions Basketball Club Co., Ltd.* (龍獅籃球俱樂部股份有限公司) (NEEQ stock code: 871888).

Mr. Zhong obtained a master’s degree in management in 2005 and subsequently a doctorate degree in industrial economics in 2008, both from Jinan University.

Mr. Yau Wing Keung, aged 58, obtained a bachelor’s degree in social sciences from the University of Hong Kong in 1983. He has over 30 years of working experience in investment banking and financial management across Asia Pacific Region.

* *English names for identification purposes only*

LETTER FROM CCIC

THE OFFEROR'S INTENTION ON THE GROUP

It is the intention of the Offeror that the Group will continue with its existing principal business. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company immediately after the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the GEM Listing Rules. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulating a comprehensive business strategy for the Group (the “Review”) and subject to the result of the Review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business divestment, fund raising, restructuring of the business and/or business diversification by the Group will be appropriate in order to enhance its growth.

The Offeror has decided to invest in the Company as it believes that there is potential business growth in the existing businesses of the Company. In particular, it is expected that Mr. Zhong's business experience in the PRC will strengthen the Company's ability to effectively pursue its goal of developing its business in the video conferencing and multimedia audiovisual solution industry in the PRC.

No particular investment or business opportunities have been identified as at the Latest Practicable Date. In the event that any business opportunities materialize or the Offeror introduces any major changes to the existing operation and business of the Group after the Review, further announcement will be made by the Company as and when required under the GEM Listing Rules.

The Offeror has nominated, and the Board has approved, Mr. Man Ho Yin, Danny to be appointed as financial controller of the Company and Ms. Ng Tsz Wai to be appointed as company secretary with effect from the Closing Date. The Offeror also intends to nominate new personnel to be appointed as authorised representatives of the Company, with effect from the Closing Date. Mr. Wong Kan Fai, Michael, being the current financial controller of the Company, Mr. Wong Yiu Leung, being the current company secretary of the Company, and Mr. Chan Wing Yiu and Mr. Wong Yiu Leung, being the current authorised representatives of the Company, have resigned from their abovementioned offices, with effect from the Closing Date. Further details of the change of personnel will be disclosed by way of an announcement in accordance with the GEM Listing Rules.

Save as disclosed above and herein, as at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of the employees of the Company or the Group.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

The Board is currently made up of eight Directors. The executive Directors are Mr. Tong Sai Wong, Mr. Chan Wing Yiu, 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.

Mr. Lin Wing Ching, Dr. Chan Man Hung and Dr. Lai Wing Chueng have resigned as Directors, with effect from the Closing Date. Furthermore, Mr. Tong Sai Wong has resigned as chairman of the Company, with effect from the Closing Date.

LETTER FROM CCIC

The Offeror has nominated, and the Board has approved, Mr. Zhong, Mr. Yau Wing Keung, Mr. Lai Hing Kwong, Joseph, Mr. Fung Chan Man, Alex and Mr. Fong Chi to be appointed as Directors, among whom Mr. Zhong and Mr. Yau Wing Keung to be appointed as executive Directors, Mr. Lai Hing Kwong, Joseph, Mr. Fung Chan Man, Alex and Mr. Fong Chi to be appointed as independent non-executive Directors, and Mr. Zhong to be appointed as chairman of the Board, with effect from the Closing Date. Such appointments to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules, and will be disclosed by way of an announcement in accordance with the GEM Listing Rules.

Save for the brief biographical information of Mr. Zhong and Mr. Yau Wing Keung which has been disclosed in the section headed “Information on the Offeror” the biographical details of the three other nominated Directors are set out below:

Mr. Lai Hing Kwong, Joseph, aged 60, obtained an honours degree in management studies and economics from the University of Hong Kong in 1981 and subsequently a MBA degree from University of Toronto in 1993. He has over 35 years of working experience in corporate and merchant banking, corporate finance and direct investments.

Mr. Fung Chan Man, Alex, aged 55, obtained a BSc (Hons) degree in electrical and electronic engineering from the University of Bath in 1986 and subsequently a MBA degree from Heriot-Watt University. He has over 15 years of working experience in financial market and corporate finance activities in both Hong Kong and China. Currently, Mr. Fung is the independent non-executive director of E-Kong Group Limited (stock code: 524), Luxey International (Holdings) Limited (stock code: 8041) and On Real International Holdings Limited (stock code: 8245).

Mr. Fong Chi, aged 33, obtained a bachelor’s degree of business administration from the University of Hong Kong in 2006. He has in total over 10 years of working experience in an international accounting firm and in a corporate finance role in a Hong Kong technology company, with extensive experience in financial reporting, auditing, mergers and acquisitions and initial public offerings. Currently, Mr. Fong is a member of the Hong Kong Institute of Certified Public Accountants.

The Offeror believes that the appointment of the new Directors is in the best interest of the Company and its Shareholders as a whole. The Offeror believes that Mr. Zhong’s experience in founding and managing successful businesses, as well as his extensive network of business relationships in the PRC, will strengthen the Company’s ability to effectively pursue its goal of developing its business in the video conferencing and multimedia audiovisual solution industry in the PRC. In addition, Mr. Yau Wing Keung, Mr. Lai Hing Kwong, Joseph, Mr. Fung Chan Man, Alex and Mr. Fong Chi each have over 10 years of experience working in the fields of finance and accounting, which the Offeror believes will allow them to provide financial management expertise to the Company.

LETTER FROM CCIC

MAINTENANCE OF THE LISTING STATUS AND SUFFICIENT PUBLIC FLOAT OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends for the Company to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the Board of the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's shares. In the event that the public float of the Company falls below 25% immediately after the close of the Offer, the Company may make an application with the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules for a certain period commencing from the date of closing of the Offer.

TAX IMPLICATIONS

None of the Company, the Offeror, CCIC, the Independent Financial Adviser, the Registrar or any of their respective directors or any other parties involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications. The Independent Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offer. None of the Company, the Offeror, CCIC, the Independent Financial Adviser, the Registrar, the professional advisers to the Company and the Offeror or any of their respective directors or any other parties involved in the Offer accepts any responsibility for any tax effect on, or liabilities of, the Independent Shareholders.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Document and the Form of Acceptance.

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

The attention of the Overseas Shareholders (if any) is drawn to the section headed "7. Overseas Shareholders" in Appendix I to this Composite Document.

LETTER FROM CCIC

All documents and remittances will be sent to the Independent Shareholders through ordinary post at their own risk. These documents and remittances will be sent to the Independent Shareholders at their respective addresses as appear in the register of members of the Company, or in the case of joint Independent Shareholders, to the Independent Shareholder whose name appears first in the said register of members of the Company. None of the Offeror, the Company, CCIC, the Independent Financial Adviser, the Registrar, or any of their respective directors or professional advisers or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document.

Yours faithfully,
for and on behalf of
Central China International Capital Limited
Billy Cheung
General Manager

LETTER FROM THE BOARD

i-CONTROL HOLDINGS LIMITED
超智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8355)

Executive Directors:

Mr. Tong Sai Wong (*Chairman*)

Mr. Chan Wing Yiu

Mr. Chan Wing Lun

Registered office in the Cayman Islands:

Estera Trust (Cayman) Limited

Clifton House, 75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

Non-executive Directors:

Dr. Wong King Keung

Mr. Lin Wing Ching

Headquarters and principal place

of business in Hong Kong:

Units A&B, 12/F, MG Tower

133 Hoi Bun Road, Kwun Tong

Kowloon, Hong Kong

Independent Non-executive Directors:

Dr. Chan Man Hung

Dr. Lai Wing Chueng

Mr. Lum Pak Sum

16 November 2017

To the Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF PHOENIX TIME HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN
i-CONTROL HOLDINGS LIMITED (OTHER THAN THOSE
ALREADY OWNED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

Reference is made to the Joint Announcement.

On 6 October 2017 (after trading hours of the Stock Exchange), the Offeror and the Vendors entered into the Sale and Purchase Agreement pursuant to which the Offeror agreed to acquire, and the Vendors agreed to sell the Sale Shares, being 600,000,000 Shares (representing 60.00% of the entire issued share capital of the Company as at the date of the Joint Announcement). Immediately after completion of the Sale and Purchase Agreement, save that Dr. Wong King Keung was interested in 150,000,000 Shares (representing 15.00% of the issued share capital of the Company as at the date of the Joint Announcement), the Vendors ceased to be interested in any Shares.

LETTER FROM THE BOARD

The aggregate consideration for the Sale Shares is HK\$216,000,000 (representing HK\$0.36 per Sale Share) which was agreed among the Offeror and the Vendors after arm's length negotiations. Completion took place immediately following the execution of the Sale and Purchase Agreement on 6 October 2017.

Immediately after Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 600,000,000 Shares, representing 60.00% of the entire issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned by the Offeror and parties acting in concert with it.

The purpose of this letter is to provide you with, among other things, information relating to the Company and the Offer and to set out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the terms of the Offer and as to acceptance and the letter from the Independent Financial Adviser containing their advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer.

THE OFFER

The following information about the Offer is extracted from the "Letter from CCIC" contained in this Composite Document.

CCIC is making the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share HK\$0.36 in cash

The Offer is unconditional in all respects. The Offer Price of HK\$0.36 per Offer Share is the same as the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

The Offer Shares to be acquired under the Offer will be fully paid and free from all liens, claims and Encumbrances together with all rights attached thereto, including, but not limited to, all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of this Composite Document, or subsequently attached to them.

Further details of the Offer

Further details of the Offer, including, among other things, its extension to the Overseas Shareholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period are set out in the "Letter from CCIC" in, and Appendix I to, this Composite Document and the Form of Acceptance.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on GEM (stock code: 8355). The Group is principally engaged in the provision of (i) solution for audiovisual, conferencing, presentation and multimedia control systems including installation services; and (ii) audio-visual system maintenance services.

Financial and general information in relation to the Group are set out in Appendices II and III to this Composite Document.

SHAREHOLDING STRUCTURE OF THE GROUP

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the completion of the Offer (assuming all Independent Shareholders accepting the Offer); and (iii) immediately after the completion of the Offer (assuming the there is no Independent Shareholder accepting the Offer):

Shareholders	(i) As at the Latest Practicable Date		(ii) Immediately after the completion of the Offer (assuming all Independent Shareholders accepting the Offer)		(iii) Immediately after the completion of the Offer (assuming there is no Independent Shareholder accepting the Offer)	
	Number of Shares held	Percentage of Shares in issue (%)	Number of Shares held	Percentage of Shares in issue (%)	Number of Shares held	Percentage of Shares in issue (%)
The Offeror and parties acting in concert with it	600,000,000	60.00	1,000,000,000	100.00 (Note 2)	600,000,000	60.00
Dr. Wong King Keung and parties acting in concert with him (Note 1)	150,000,000	15.00	–	–	150,000,000	15.00
Public Shareholders	250,000,000	25.00	–	–	250,000,000	25.00
Total	1,000,000,000	100.00	1,000,000,000	100.00	1,000,000,000	100.00

Note:

- Dr. Wong King Keung is a non-executive Director.
- In the event that the public float of the Company falls below 25% immediately after the close of the Offer, the Company may make an application with the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules for a certain period commencing from the date of closing of the Offer (the “Period”). The Company will take appropriate steps, including, but not limited, to the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons, to restore the required minimum public float as early as practicable and in any event no later than the end of the Period. Further announcement(s) will be made by the Company regarding the restoration of public float in due course.

LETTER FROM THE BOARD

INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the paragraphs headed “Information of the Offeror” and “The Offeror’s intention on the Group” in the “Letter from CCIC” set out in this Composite Document. The Board is aware of the intention of the Offeror in respect of the Company and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

As at Latest Practicable Date, the executive Directors are Mr. Tong Sai Wong, Mr. Chan Wing Yiu, 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.

Mr. Lin Wing Ching, Dr. Chan Man Hung and Dr. Lai Wing Chueng have resigned as Directors, with effect from the Closing Date. Furthermore, Mr. Tong Sai Wong has resigned as chairman of the Company, with effect from the Closing Date.

The Offeror has nominated, and the Board has approved, Mr. Zhong, Mr. Yau Wing Keung, Mr. Lai Hing Kwong, Joseph, Mr. Fung Chan Man, Alex and Mr. Fong Chi to be appointed as Directors, among whom Mr. Zhong and Mr. Yau Wing Keung to be appointed as executive Directors, Mr. Lai Hing Kwong, Joseph, Mr. Fung Chan Man, Alex and Mr. Fong Chi to be appointed as independent non-executive Directors, and Mr. Zhong to be appointed as chairman of the Board, with effect from the Closing Date. Such appointments to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules, and will be disclosed by way of an announcement in accordance with the GEM Listing Rules.

The biographies of the new executive Directors and the new independent non-executive Directors are set out below:

Mr. Zhong, aged 54, is an experienced investor in various businesses in both Hong Kong and PRC. He has more than 15 years of working experience in property development and in investment business. Mr. Zhong founded Guangdong Puxun Industry Investment Company Limited* (廣東普迅實業投資有限公司), a company principally engaged in industrial investments, investment management, marketing planning, trade and commerce information consulting and business management consulting and Foshan Xingpu Investment Company Limited* (佛山市興普投資有限公司), a company principally engaged in industrial investments, investment management, domestic trading, marketing planning and commodities information consulting.

Mr. Zhong also acts as the honorable chairman of the board of Nenking Holdings Group Company Limited* (能興控股集團有限公司), a company which, together with its subsidiaries and affiliates, is principally engaged in property development, property management, financial services, pharmaceutical, sports and cultural, trading and procurement services and investment holding, and the chairman of Long Lions Basketball Club Co., Ltd.* (龍獅籃球俱樂部股份有限公司) (NEEQ stock code: 871888).

LETTER FROM THE BOARD

Mr. Zhong obtained a master's degree in management in 2005 and subsequently a doctorate degree in industrial economics in 2008, both from Jinan University.

Mr. Yau Wing Keung, aged 58, obtained a bachelor's degree in social sciences from the University of Hong Kong in 1983. He has over 30 years of working experience in investment banking and financial management across Asia Pacific Region.

Mr. Lai Hing Kwong, Joseph, aged 60, obtained an honours degree in management studies and economics from the University of Hong Kong in 1981 and subsequently a MBA degree from University of Toronto in 1993. He has over 35 years of working experience in corporate and merchant banking, corporate finance and direct investments.

Mr. Fung Chan Man, Alex, aged 55, obtained a BSc (Hons) degree in electrical and electronic engineering from the University of Bath in 1986 and subsequently a MBA degree from Heriot-Watt University. He has over 15 years of working experience in financial market and corporate finance activities in both Hong Kong and China. Currently, Mr. Fung is the independent non-executive director of E-Kong Group Limited (stock code: 524), Luxey International (Holdings) Limited (stock code: 8041) and On Real International Holdings Limited (stock code: 8245).

Mr. Fong Chi, aged 33, obtained a bachelor's degree of business administration from the University of Hong Kong in 2006. He has in total over 10 years of working experience in an international accounting firm and in a corporate finance role in a Hong Kong technology company, with extensive experience in financial reporting, auditing, mergers and acquisitions and initial public offerings. Currently, Mr. Fong is a member of the Hong Kong Institute of Certified Public Accountants.

** English names for identification purposes only*

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares.

According to the "Letter from CCIC", the Offeror intends for the Company to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the Board of the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's shares. In the event that the public float of the Company falls below 25% immediately after the close of the Offer, the Company may make an application with the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules for a certain period commencing from the date of closing of the Offer.

LETTER FROM THE BOARD

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 23 to 24 of this Composite Document, which contains its advice and recommendations to the Independent Shareholders in respect of the Offer; and (ii) the letter from the Independent Financial Adviser set out on pages 25 to 44 of this Composite Document, which contains its advice to the Independent Board Committee in relation to the Offer and the principal factors considered by it before arriving at its recommendations.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully “Further terms and procedures of acceptance of the Offer” set out in Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

By order of the board of directors of
i-Control Holdings Limited
Tong Sai Wong
Chairman

i-CONTROL HOLDINGS LIMITED
超智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8355)

16 November 2017

To the Independent Shareholders

Dear Sir/Madam,

**UNCONDITIONAL MANDATORY CASH OFFER BY
CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF PHOENIX TIME HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN
i-CONTROL HOLDINGS LIMITED (OTHER THAN THOSE
ALREADY OWNED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the composite offer and response document (the “**Composite Document**”) dated 16 November 2017 jointly issued by the Company and the Offeror, of which this letter forms part. Terms used herein shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to advise you as to whether or not, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance of the Offer.

Akron Corporate Finance Limited has been appointed as the independent financial adviser of the Company to advise us in this respect of the terms of the Offer and as to acceptance thereof. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 25 to 44 of the Composite Document.

We also wish to draw your attention to the sections headed “Letter from CCIC”, the “Letter from the Board” and the additional information set out in the Composite Document, including the appendices to this Composite Document and the accompanying Form of Acceptance in respect of the terms of the Offer and the acceptance and settlement procedures for the Offer.

RECOMMENDATION

Having taken into account the terms of the Offer, together with the advice and recommendation from Akron Corporate Finance Limited, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and therefore we recommend the Independent Shareholders to accept the Offer.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Independent Shareholders are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, where possible, rather than accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Offer.

Notwithstanding our recommendations, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in the Composite Document and the Form of Acceptance.

Yours faithfully,
Independent Board Committee
i-Control Holdings Limited

Dr. Chan Man Hung
Independent non-executive
Director

Dr. Lai Wing Chueng
Independent non-executive
Director

Mr. Lum Pak Sum
Independent non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, and is prepared for inclusion in this Composite Document.



16 November 2017

To: The Independent Board Committee

Dear Sirs,

**UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY
CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED
FOR AND ON BEHALF OF PHOENIX TIME HOLDINGS LIMITED
FOR ALL THE ISSUED SHARES IN
i-CONTROL HOLDINGS LIMITED (OTHER THAN THOSE
ALREADY OWNED BY PHOENIX TIME HOLDINGS LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 16 November 2017 jointly issued by the Offeror and the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

The Vendors and the Offeror entered into the Sale and Purchase Agreement on 6 October 2017, pursuant to which the Offeror agreed to acquire and the Vendors agreed to sell the Sale Shares, being 600,000,000 Shares in aggregate, representing 60% of the entire issued share capital of the Company as at the date of the Joint Announcement, for the aggregate consideration of HK\$216,000,000 (representing HK\$0.36 per Sale Share). Completion took place immediately following the execution of the Sale and Purchase Agreement on 6 October 2017.

Immediately prior to the Completion, the Offeror and parties acting in concert with it were not interested in any Shares. Immediately following the Completion and as at the Latest Practicable Date, (i) the Offeror and parties acting in concert with it were interested in 600,000,000 Shares, representing 60.0% of the entire issued share capital of the Company; and (ii) save that Dr. Wong King Keung was interested in 150,000,000 Shares (representing 15.0% of the entire issued share capital of the Company), the Vendors ceased to be interested in any Shares. The Offeror is required under Rule 26.1 of the Takeovers Code to make an unconditional mandatory general offer in cash for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising of all independent non-executive Directors, namely, Dr. Chan Man Hung, Dr. Lai Wing Chueng and Mr. Lum Pak Sum, has been established to make recommendations to the Independent Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

We, Akron Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, apart from the existing engagement in connection with the Offer, we do not and did not have any relationship (business, financial or otherwise) amounted to a significant connection (as referred to in Rule 2.6 of the Takeovers Code) with the Company or the Offeror within the past two years for us of a kind necessary likely to create, or to create the perception of, a conflict of interest for us or which is reasonably likely to affect the objectivity of our advice.

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have relied on the accuracy of the information and facts contained or referred to in the Composite Document and provided to us by the management of the Company (the “**Management**”). We have assumed that all information and representations contained or referred to in the Composite Document were true and accurate at the time when they were made and continue to be true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Should there be any subsequent material change in such information during the Offer Period, the Company should inform the Shareholders as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Offeror in the Composite Document were reasonably made after due enquiries and considerations. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our opinions and recommendations. The Directors have declared in a responsibility statement set out in Appendix III to the Composite Document that they jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Offeror and the parties acting in concert with it, the terms of the Offer and the future intention of the Offeror regarding the Group). We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the Management, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group and/or the Offeror.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In formulating our opinions, we have not considered the tax implication on the Independent Shareholders arising from acceptances or non-acceptances of the Offer as these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer. In particular, the Independent Shareholders who are residents outside Hong Kong or subject to overseas tax or Hong Kong taxation on securities dealings should consider their own tax position, and if in any doubt, should consult their own professional advisers.

In formulating our opinions, our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as at the Latest Practicable Date. The Independent Shareholders will be informed should there be any material changes to the information contained or referred to herein and our opinion as soon as possible after the Latest Practicable Date and throughout the Offer Period. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Offer, as referred to in Rule 17.92 of the GEM Listing Rules (including the notes thereto).

This letter is issued for the Independent Board Committee solely in respect of the Offer and, except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS CONSIDERED

In giving our recommendation to the Independent Board Committee in respect of the Offer, we have taken into consideration the following factors and reasons:

1. The Offer

Pursuant to the Composite Document, the Offer is made by CCIC, for and on behalf of the Offeror, on the following basis:

For each Offer Share HK\$0.36 in cash

The Offer is unconditional in all respects. The Offer Price of HK\$0.36 per Offer Share is the same as the price per Sale Share payable by the Offeror under the Sale and Purchase Agreement.

The Offer Shares to be acquired under the Offer will be fully paid and free from all Encumbrances together with all rights attached thereto, including, but not limited to, all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document, or subsequently attached to them.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. General information of the Group

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on GEM (stock code: 8355). The Group is principally engaged in the provision of (i) solution for audiovisual, conferencing, presentation and multimedia control systems including installation services (the “**Solution Service**”); and (ii) audio-visual system maintenance services (the “**Maintenance Service**”). The Solution Service is the major line of business of the Group as complemented by the Maintenance Service associated with related projects of the Solution Service.

3. Financial information of the Group

(a) Financial Performance

Set out below is a summary of the financial information of the Group for (i) the financial year ended 31 March 2016 (“**FY2016**”) and 31 March 2017 (“**FY2017**”) respectively as extracted from the annual report of the Company for the year ended 31 March 2017 (the “**2017 Annual Report**”); and (ii) the six months ended 30 September 2016 and 30 September 2017 as extracted from the interim report of the Company for the six months ended 30 September 2017 (the “**2017 Interim Report**”):

	For the year ended 31 March		For the six months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	138,113	141,922	61,740	58,448
Gross profit	61,102	62,209	24,836	24,655
Profit/(Loss) for the year/period	19,206	11,990	5,178	5,716
Profit/(Loss) attributable to shareholders	19,206	11,786	5,178	5,716

For the year ended 31 March 2017

The revenue of the Group slightly decreased by approximately 2.7% from approximately HK\$141.9 million for FY2016 to approximately HK\$138.1 million for FY2017. As disclosed in the 2017 Annual Report:

- (i) the revenue generated from the Solution Service decreased by approximately 4.1% from approximately HK\$129.6 million for FY2016 to approximately HK\$124.3 million for FY2017, which was primarily attributable to the completion of a one-off sizable project during FY2016; and
- (ii) the revenue generated from the Maintenance Service increased by approximately 12.2% from approximately HK\$12.4 million in FY2016 to approximately HK\$13.9 million in FY2017, which was primarily attributable to an increase in total maintenance projects after the completion of related projects of the Solution Service.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The profit for the year increased by approximately HK\$7.2 million from approximately HK\$12.0 million for FY2016 to approximately HK\$19.2 million for FY2017. As set out in the 2017 Annual Report, the increase was mainly due to:

- (i) a decrease in staff cost by approximately 9.1% from approximately HK\$29.7 million for FY2016 to approximately HK\$27.0 million for FY2017 mainly due to the decrease in sales commission and bonus paid to staff which was in line with the decrease in revenue and the decrease in directors' discretionary bonus for FY2017 compared with FY2016; which were net off with the effect of a general increase in staff salary level and an increase in the number of staff during FY2017; and
- (ii) a decrease in other operating expenses, particularly the absence of the listing-related expenses of approximately HK\$5.5 million and decrease in marketing and promotion expenses of approximately HK\$0.8 million; which were partially offset by decrease in revenue and gross operating margin and increase in income tax expenses of approximately HK\$1 million.

For the six months ended 30 September 2017

For the six months ended 30 September 2017, the Group recorded a revenue of approximately HK\$61.7 million, representing an increase of approximately 5.6% as compared to that of approximately HK\$58.4 million for the six months ended 30 September 2016.

As stated in the 2017 Interim Report:

- (i) the revenue generated from the Solution Service increased by approximately 6.8% to approximately HK\$55.1 million for the six months ended 30 September 2017 from approximately HK\$51.6 million for the six months ended 30 September 2016, which was primarily attributable to completion of several new projects in the PRC during the six months ended 30 September 2017; and
- (ii) the revenue generated from the Maintenance Service slightly decreased by approximately 2.9% to approximately HK\$6.7 million for the six months ended 30 September 2017 from approximately HK\$6.9 million for the six months ended 30 September 2016.

The profit for the period slightly decreased by approximately HK\$0.5 million from approximately HK\$5.7 million for the six months ended 30 September 2016 to approximately HK\$5.2 million for the six months ended 30 September 2017, which was mainly due to increase in staff cost and depreciation expenses and partially offset by increase in gross operating margin.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the financial information of the Group as stated above, it is noted that (i) the Solution Service is the core business of the Group and the Maintenance Service is the related complementary service provided by the Group with the view of offering comprehensive services to its customers. As such, the revenues from the Solution Service and the Maintenance Service are interrelated or in another word, the Maintenance Service is highly dependent on the Solution Service; (ii) the improvement in net profit for FY2017 is mainly due to the absence of the listing-related expenses, which is non-recurrent; and (iii) the increase in profit in FY2017 is mainly attributable to the decrease in expenses instead of improving operating results. Based on the foregoing, it is uncertain whether the Group will continue to record same profit level going forward.

(b) Geographical distribution

Revenue by geographical location	For the year ended 31 March				For the six months ended 30 September			
	2017		2016		2017		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Hong Kong	116,644	84.46	131,906	92.94	55,780	90.35	55,291	94.60
PRC	14,111	10.22	4,229	2.98	5,689	9.21	1,842	3.15
Macau	6,621	4.79	5,666	3.99	271	0.44	584	1.00
Singapore	737	0.53	121	0.09	-	-	731	1.25
Total	138,113	100.00	141,922	100.00	61,740	100.00	58,448	100.00

The Group has operations in Hong Kong, the PRC, Macau and Singapore. As shown in the table above, Hong Kong market is the major revenue contributor to the Group, which accounted for over 80% of the total revenue of the Group for the past two years.

For the year ended 31 March 2017

In FY2017, the percentage of revenue attributed from the Hong Kong market recorded a decrease from approximately 92.94% in FY2016 to 84.46% in FY2017.

It is also noted that the percentage of revenue attributed by the PRC market has increased from approximately 2.98% in FY2016 to 10.22% in FY2017, representing a significant increase of approximately 243%. Despite the growth in percentage of revenue contribution from the PRC market, additional revenue generated from the PRC market in FY2017 of approximately HK\$9.9 million was insufficient to cover the reduction in revenue of approximately HK\$15.3 million from the Hong Kong market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the six months ended 30 September 2017

The percentage of revenue attributed from the Hong Kong market recorded a decrease from approximately 94.6% for the six months ended 30 September 2016 to approximately 90.35% for the six months ended 30 September 2017. The percentage of revenue attributed by the PRC market has increased from approximately 3.15% for the six months ended 31 March 2017 to approximately 9.21% for the six months ended 30 September 2017, representing a significant increase of approximately 192.4%.

Such proportion in revenue contributed by the Hong Kong market and the PRC market and increase in significance in the PRC market is in line with the annual results of the Group.

As disclosed in the 2017 Annual Report, the Group has set up a new office in Shanghai to explore new business opportunities and will continue to expand their market share in the video conferencing and multimedia audiovisual solution industry in the PRC. It is expected that the Group has to devote additional time, manpower and financial resources in order to achieve such expansion. The returns of such business expansion may not immediately reflect in the financial results of the Company. As such, it may cast uncertainty to the future financial performance of the Group as a whole.

4. Prospects of the Group

As disclosed in the 2017 Annual Report and as confirmed by the Management, the one-stop information technology/audiovisual (“ITAV”) solution business in digital signage, video conferencing and multimedia presentation/learning is still in high demand by customers. In terms of hardware, large LED displays and video walls with customized size have played a significant role in the Group’s total solutions provided to the customers. Notwithstanding the aforesaid, it should be noted that the Group has to cope with various challenges in its operation.

As the revenue of the Group is mainly derived from projects which are not recurring in nature, any decrease in the number of projects would affect its operations and financial results.

Currently, the Group only offers room-based systems to its customers in its Solution Service. With the emergence of cloud-based video conferencing solutions through software installed in electronic mobile devices, it poses a threat to the traditional video conferencing and multimedia audiovisual solution industry. The potential customers, depending on their information network systems and requirements, may over time consider moving away from expensive and complex room-based systems and opt for lower-cost software and cloud-based alternatives.

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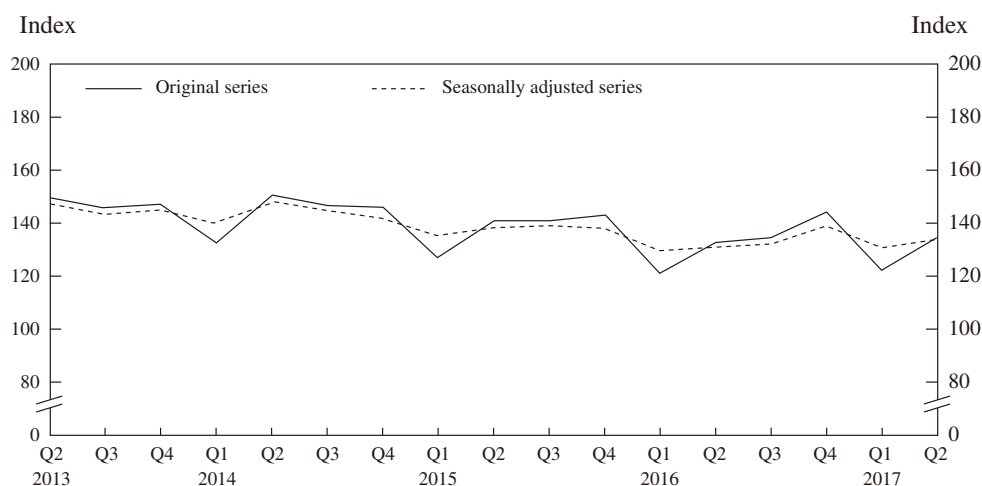
We understand from the Management that ITAV solution industry is characterised by rapidly changing technology and evolving industry standards. The operations of the Group depend on its ability to innovate and the successful deployment of continuously evolving technologies, particularly its response to technological and industry developments, as well as its ability to foresee and/or rapidly adapt to the emergence of disruptive technologies.

In addition, the ITAV solution providers which provide innovative design concepts can better differentiate themselves from other market players. As such, the success and ability for the Group to grow depends largely on its ability to attract, train, retain, and motivate highly skilled and qualified personnel especially in the operating and technical aspects. Competition for relevant talent is intense. The loss of experienced staff, or the inability to find additional qualified personnel, could inhibit the prospects and results of operations of the Group.

As such, additional cost will be incurred for updating the technology (both software and hardware) and to provide training to staff so as to ensure them to cope with the ever-changing technology and the dynamic market conditions as well as the expectation of the clients/end-users which is highly subjective in nature and can substantially deviate from one another. In addition, better remuneration package (including salaries) may need to offer for retaining the skilled and qualified personnel.

Furthermore, we are made known by the Management that the ITAV solutions industry is highly competitive. Currently, the Group is a Hong-Kong based solution provider and derives over 80% revenue from Hong Kong market. As shown in Chart 1 below, extracted from the Quarterly Business Receipts Indices for Service Industries (2nd Quarter 2017) issued by the Census and Statistics Department, the business receipts indices for the computer and information technology services for the past five years in Hong Kong has been relatively stable since second quarter of 2013. Such figures implied that the information technology market in Hong Kong is mature at large.

Chart 1: Business receipts indices of computer and information technology services



Source: Census and Statistics Department

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Under the competitive environment of ITAV solutions industry, some of the competitors may be able to reduce the Group's market share by adopting more aggressive pricing policies.

In order to maintain the Group's market position as one of the leading service providers in the industry and to maintain its competitiveness, the ability of the Group in offering competitive price is one of the crucial factors for the Group. It is questionable whether the Group may increase its service fee and transfer the additional costs as mentioned above to its customers as the customers tend to be price sensitive and may look for another service provider(s) if there is an increase in service fee. If the Group is unable to pass on the additional costs to its customers, it will in turn erode the profit margins of the Group.

Furthermore, the Group's operations in the PRC market is still in its infancy stage. We are given to understand that the projects located in the PRC carry lower gross operating margin than from other jurisdictions due to high competition from other ITAV solution suppliers. As the Group proposes to expand its development in the PRC market, financial performance of the Group as a whole may also be affected as time will be required for development of the PRC market for generating satisfactory returns to the Group. In addition, in the course of pursuing business expansion in the PRC market, it will be uncertain whether the Group will be able to maintain its competitiveness and to cope with business challenges and maintain a cost-efficient structure in both the Hong Kong market and the PRC market for generating satisfactory return for the Group.

In view of the foregoing, it may cast uncertainties to the prospects and future performance of the Group.

5. Information of the Offeror

Set out below is the information of the Offeror as extracted from the "Letter from CCIC" under the section headed "Information on the Offeror" of the Composite Document.

The Offeror is an investment holding company incorporated in the BVI with limited liability and its sole ultimate beneficial owner is Mr. Zhong.

Save for entering into the Sale and Purchase Agreement and obtaining financing for the Offer, the Offeror has not conducted any other business since its incorporation.

Immediately prior to entering into the Sale and Purchase Agreement, the Offeror and parties acting in concert with it did not have any interest in any securities of the Company, and are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

Mr. Zhong and Mr. Yau Wing Keung are the directors of the Offeror.

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Mr. Zhong, aged 54, is an experienced investor in various businesses in both Hong Kong and PRC. He has more than 15 years of working experience in property development and in investment business. Mr. Zhong founded Guangdong Puxun Industry Investment Company Limited* (廣東普迅實業投資有限公司), a company principally engaged in industrial investments, investment management, marketing planning, trade and commerce information consulting and business management consulting and Foshan Xingpu Investment Company Limited* (佛山市興普投資有限公司), a company principally engaged in industrial investments, investment management, domestic trading, marketing planning and commodities information consulting.

Mr. Zhong also acts as the honorable chairman of the board of Nenking Holdings Group Company Limited* (能興控股集團有限公司), a company which, together with its subsidiaries and affiliates, is principally engaged in property development, property management, financial services, pharmaceutical, sports and cultural, trading and procurement services and investment holding, and the chairman of Long Lions Basketball Club Co., Ltd.* (龍獅籃球俱樂部股份有限公司) (NEEQ stock code: 871888).

Mr. Zhong obtained a master's degree in management in 2005 and subsequently a doctorate degree in industrial economics in 2008, both from Jinan University.

Mr. Yau Wing Keung, aged 58, obtained a bachelor's degree in social sciences from the University of Hong Kong in 1983. He has over 30 years of working experience in investment banking and in financial management across the Asia Pacific Region.

6. Intentions of the Offeror in relation to the Group

Set out below is the Offeror's intentions in relation to the Group as extracted from the "Letter from CCIC" under the section headed "The Offeror's intention on the Group" of the Composite Document.

It is the intention of the Offeror that the Group will continue with its existing principal business. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company immediately after the Offer and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the GEM Listing Rules. The Offeror will conduct a more detailed review on the operations of the Group with a view to formulating a comprehensive business strategy for the Group (the "**Review**") and subject to the result of the Review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, business divestment, fund raising, restructuring of the business and/or business diversification by the Group will be appropriate in order to enhance its growth.

* English name for identification purpose only

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The Offeror has decided to invest in the Company as it believes that there is potential business growth in the existing business of the Company. In particular, it is expected that Mr. Zhong's business experience in the PRC will strengthen the Company's ability to effectively pursue its goal of developing its business in the video conferencing and multimedia audiovisual solutions industry in the PRC.

No particular investment or business opportunities have been identified as at the Latest Practicable Date. In the event that any business opportunities materialize or the Offeror introduces any major changes to the existing operation and business of the Group after the Review, further announcement will be made by the Company as and when required under the GEM Listing Rules.

The Offeror has nominated, and the Board has approved, Mr. Man Ho Yin, Danny to be appointed as financial controller of the Company and Ms. Ng Tsz Wai to be appointed as company secretary with effect from the Closing Date. The Offeror also intends to nominate new personnel to be appointed as authorised representatives of the Company, with effect from the Closing Date. Mr. Wong Kan Fai, Michael, being the current financial controller of the Company, Mr. Wong Yiu Leung, being the current company secretary of the Company, and Mr. Chan Wing Yiu and Mr. Wong Yiu Leung, being the current authorised representatives of the Company, have resigned from their abovementioned offices, with effect from the Closing Date. Further details of the change of personnel will be disclosed by way of an announcement in accordance with the GEM Listing Rules.

Save as disclosed above and herein, as at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of the employees of the Company or the Group.

Proposed change to the board composition of the Company

The Board is currently made up of eight Directors. The executive Directors are Mr. Tong Sai Wong, Mr. Chan Wing Yiu, 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.

As disclosed in the "Letter from CCIC":

- (a) Mr. Lin Wing Ching, Dr. Chan Man Hung and Dr. Lai Wing Chueng have resigned as Directors, with effect from the Closing Date. Furthermore, Mr. Tong Sai Wong has resigned as chairman of the Company, with effect from the Closing Date; and

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- (b) the Offeror has nominated, and the Board has approved, Mr. Zhong, Mr. Yau Wing Keung, Mr. Lai Hing Kwong, Joseph, Mr. Fung Chan Man, Alex and Mr. Fong Chi to be appointed as Directors, among whom Mr. Zhong and Mr. Yau Wing Keung to be appointed as executive Directors, Mr. Lai Hing Kwong, Joseph, Mr. Fung Chan Man, Alex and Mr. Fong Chi to be appointed as independent non-executive Directors, and Mr. Zhong to be appointed as chairman of the Board, with effect from the Closing Date. Such appointments of the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules, and will be disclosed by way of an announcement in accordance with the GEM Listing Rules.

Details of the change of the Board composition and biographies of the new executive Directors and the new independent non-executive Directors are set out in the “Letter from CCIC”.

According to the “Letter from CCIC”, we note that the proposed new executive Directors have experience in property investment and in investment business and in investment banking and in financial management across the Asia Pacific Region respectively, which seems to be not directly related to the existing business of the Group. In addition, there are also uncertainties as to the impact to the Group’s business operations resulting from the intended resignation of Mr. Tong, one of the founders of the Company, as the chairman of the Board. The performance and capability of the new composition of the Board to the Group’s operation is yet to be demonstrated and is uncertain. Accordingly, the Group’s future performance upon the proposed change in the Board composition cannot be ascertained at the moment.

Maintaining the listing status of the Company

The Offeror intends for the Company to remain listed on the Stock Exchange. The directors of the Offeror and the new directors to be appointed to the Board of the Company will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company’s shares. In the event that the public float of the Company falls below 25% immediately after the close of the Offer, the Company may make an application with the Stock Exchange for a temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules for a certain period commencing from the date of the closing of the Offer.

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7. The Offer Price

Offer Price comparison

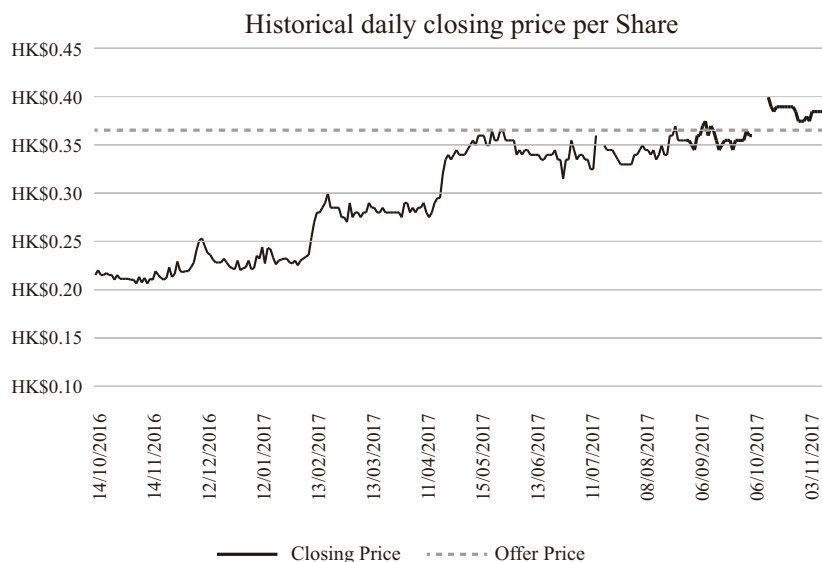
The Offer Price of HK\$0.36 per Offer Share is equal to the price per Sale Share paid by the Offeror under the Sale and Purchase Agreement and represents:

- (a) a premium of approximately 1.41% over the closing price of HK\$0.355 per Share as quoted on the Stock Exchange on 4 October 2017, being the Last Trading Day;
- (b) a premium of approximately 1.98% over the average closing price of HK\$0.353 per Share, being the average closing price of the Shares for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 2.71% over the average closing price of HK\$0.3505 per Share, being the average closing price of the Shares for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 2.13% over the average closing price of HK\$0.3525 per Share, being the average closing price of the Shares for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 5.26% to the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (f) a premium of approximately 180.92% over the Company's audited NAV of approximately HK\$0.128 per Share based on the Group's audited consolidated NAV (excluding non-controlling interests) of approximately HK\$128,151,000 as at 31 March 2017 and 1,000,000,000 Shares in issue as at the Latest Practicable Date; and
- (g) a premium of approximately 191.94% over the Company's unaudited NAV of approximately HK\$0.123 per Share based on the Group's unaudited consolidated NAV (excluding non-controlling interests) of approximately HK\$123,311,000 as at 30 September 2017 and 1,000,000,000 Shares in issue as at the Latest Practicable Date.

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Historical price performance of the Shares

Set out below is a chart showing the movement of the closing prices of the Shares during the period from 14 October 2016 (being the 12-month period prior to date of the Joint Announcement) up to the Latest Practicable Date (the “**Review Period**”, which is commonly used for analysis purpose), to illustrate the general trend and the level of movement of the closing prices of the Shares.



Source: The Stock Exchange website (www.hkex.com.hk)

Note: During the Review Period, trading of Shares was (i) halted from 17 July 2017 to 18 July 2017 (both days inclusive) pending the release of the Company’s announcement dated 18 July 2017 made pursuant to Rule 3.7 of the Takeovers Code; and (ii) suspended from 1:00 p.m. on 6 October 2017 to 13 October 2017 pending the release of the Joint Announcement.

As shown in the chart above, during the Review Period, the closing prices of the Shares were traded in the range of HK\$0.201 to HK\$0.395 with average closing price of approximately HK\$0.296. The Offer Price of HK\$0.36 represents a premium of approximately 79.1% over the lowest closing price, a discount of approximately 8.9% to the highest closing price and a premium of approximately 21.7% over the average closing price during the Review Period. Furthermore, the Offer Price is above the closing prices of the Shares for 230 trading days out of 261 trading days (representing approximately 88.1% of the total number of trading days) during the Review Period.

For the period from 14 October 2017 to the Latest Practicable Date, i.e. after publication of the Joint Announcement, the closing prices of the Shares attained a peak at HK\$0.395 on 16 October 2017 during the Review Period. We have discussed with the Management regarding the possible reasons for the increase in the Share price after publication of the Joint Announcement. We were given to understand that save for the Offer, the Management were not aware of any matters which might have impact on the Share price.

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It is noted that (i) the pattern of the Share price with closing prices remained at a price level below the Offer Price for approximately 88.1% of the time during the Review Period; and (ii) after the release of the Joint Announcement, after attaining a peak on 16 October 2017, the trading price of the Shares lowered and remained at a price level slightly below the peak. In this connection, we consider that in the absence of any significant positive events and the Offer, there is no assurance that the trading price of the Shares will sustain at a level higher than the Offer Price during and after the Offer Period.

Historical trading liquidity of the Shares

The number of trading days, the average daily number of the Shares traded per month (the “**Average Volume**”), and the respective percentages of the Average Volume as compared to the total number of issued Shares as at the end of each month during the Review Period (or at the Latest Practicable Date for November 2017) are tabulated as below:

Month	Number of trading days in each month	Total Trading Volume in Shares	Average Volume in Shares	Percentage of the Average Volume to total number of issued Shares as at the end of each respective month (Notes 1 & 2) Approximate %
2016				
14 October to 31 October	11	3,700,000	336,363	0.03
November	22	15,280,000	694,545	0.07
December	20	21,720,000	1,086,000	0.11
2017				
January	19	7,860,000	413,684	0.04
February	20	39,610,000	1,980,500	0.20
March	23	20,590,000	895,217	0.09
April	17	25,720,000	1,512,941	0.15
May	20	19,180,000	959,000	0.10
June	22	17,500,000	795,454	0.08
July (Note 3)	19	23,831,000	1,254,263	0.13
August	22	18,800,000	854,545	0.09
September	21	41,550,000	1,978,571	0.20
October (Note 4)	15	53,560,000	3,570,666	0.36
November (up to and including Latest Practicable Date)	10	9,040,000	904,000	0.09

Source: the Stock Exchange website (www.hkex.com.hk)

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Notes:

1. The calculation is based on the Average Volume divided by the total number of issued Shares at the end of each month during the Review Period (or at the Latest Practicable Date for November 2017).
2. The total number of issued Shares based on the issued Shares as disclosed in the monthly return of movements in securities of the Company of each respective month.
3. Trading in Shares was halted from 17 July 2017 to 18 July 2017 (both days inclusive).
4. Trading in Shares was suspended from 1:00 p.m. on 6 October 2017 to 13 October 2017.

As set out in the table above, the Average Volume ranged from approximately 336,363 Shares to approximately 3,570,666 Shares, representing approximately 0.03% to 0.36% of the total number of issued Shares at the end of each respective months/period. It is noted that the average daily trading volume of the Shares was thin in general during the Review Period.

Given that the trading volume of the Shares has been thin during the majority period of the Review Period, it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the price of the Shares. Having taken into account that there is no assurance that the Share price will sustain at a level above or close to the Offer Price after the Closing Date, we are of the view that Independent Shareholders (particularly for those who hold a large volume of the Shares) may not be able to realise their investments in the Shares at a price higher than or close to the Offer Price, in particular when they are going to dispose of their entire holdings. We, therefore, consider that the Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares at the Offer Price.

Comparison with other comparable companies

We note that the trading multiples analysis is a commonly adopted valuation method in the market. Price to earnings ratio (“**PER**”) and price to book ratio (“**PBR**”) are two of the most commonly used benchmarks for valuation of companies. Given that the Group was profit making for FY2017 and recorded net assets as at September 2017, we have performed both the PER and PBR analysis to assess the fairness and reasonableness of the Offer Price. PBR is a commonly used business valuation method for capital-intensive business or businesses with plenty of assets on the books. According to the 2017 Interim Report, major assets of the Group mainly comprised of (i) current assets (including mainly cash and bank balances, trade receivables and inventories) which have relatively high liquidity and are essential for providing working capital for the Group’s business operations and accounted for approximately 47.4% of the Group’s total assets; and (ii) book value of property and equipment accounted for approximately 47.4% of the Group’s total assets. In this regards, we consider that the PBR analysis is an applicable valuation method which serves as an additional analysis to the PER analysis for providing a better picture in our assessment of the Offer Price.

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We note that the Group only has one operating segment, being provision of video conferencing and multimedia audio-visual solutions which comprises of the Solution Service and complemented with the Maintenance Service. We have searched for the companies listed in Hong Kong which are engaged in similar line of business as the Group. However, we cannot identify any listed company that principally engaged in same business as the Group for deriving majority of its revenue. Taking into account the nature of and the uniqueness of the business of the Group, we have extended the selection criteria of the comparable companies to those which (i) are listed in Hong Kong for at least one year; (ii) are engaged in the provision of information technology solutions with provision of design, installation services and complemented with maintenance services (the “**IT Solutions**”); and (iii) has derived over 50% of its revenue from the provision of the IT Solutions.

Given the unique business nature of the Group, we consider that selecting comparable companies based on market capitalisation would be too limited in forming a fair list to assess the Offer Price. In order to provide a more meaningful sample size for comparison of the Offer Price, we have selected those companies which are engage in the businesses similar to that of the Group where fundamentals of those comparable companies and the Group are in general affected by similar macroeconomic factors including, but not limited to, global economy and outlook, industry development and demand from customers. We have identified four companies (the “**Comparables**”) that fall into the abovementioned selection criteria. We consider that the Comparables are fair and representative samples for comparison purpose, which represent an exhaustive list of relevant comparable companies based on the said criteria, and are sufficient for assessing the fairness and reasonableness of the Offer Price.

Set out below are the PERs and PBRs of the Comparables based on their respective market capitalization as at the Latest Practicable Date and their respective latest published financial information:

Company name (Stock code)	Principal business	Year end date	Market capitalization as at the Latest Practicable Date <i>Approximately</i> HK\$'000	PER <i>(Note 1)</i>	PBR <i>(Note 2)</i>
Computer And Technologies Holdings Limited (46)	Provision of enterprise applications software and related services, business process outsourcing, e-business; provision of system and network integration, information technology solutions development and implementation, and proper and treasury investments	31 December 2016	695,953	13.82	1.57

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name (Stock code)	Principal business	Year end date	Market capitalization as at the Latest Practicable Date <i>Approximately</i> HK\$'000	PER <i>(Note 1)</i>	PBR <i>(Note 2)</i>
Hi Sun Technology (China) Limited (818)	Provision of payment processing solutions, provision of financial solutions, sales of electronic power meters and solutions, provision of telecommunication solutions and provision of payment platform solutions	31 December 2016	4,859,459	17.11	1.28
Vodatel Networks Holdings Limited (8033)	Provision of network and systems infrastructure and applications, customer network management system and customized software solutions	31 December 2016	178,186	19.82	0.79
Expert Systems Holdings Limited (8319)	Provision of information technology infrastructure solutions whereby the group assesses, designs and implements IT infrastructure solutions for its customers by integrating different hardware and software sourced from third party suppliers	31 March 2017	135,200	19.35	1.70
		Maximum		19.82	1.70
		Minimum		13.82	0.79
		Average		17.53	1.34
The Offer			360,000 <i>(Note 3)</i>	18.74 <i>(Note 4)</i>	2.92 <i>(Note 5)</i>

Notes:

- The PERs of the Comparables were calculated based upon their respective market capitalization as at the Latest Practicable Date and divided by their latest earnings attributable to shareholders as extracted from their respective latest published annual results.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. The PBRs of the Comparables were calculated based upon their respective market capitalization as at the Latest Practicable Date and divided by their latest net assets value attributable to shareholders as extracted from their respective latest published annual results or interim results (as the case may be).
3. Calculated based on the Offer Price of HK\$0.36.
4. The implied PER of the Offer was calculated based upon the Offer Price multiplied by total number of issued Shares of 1,000,000,000 as at the Latest Practicable Date and then divided by the earnings attributable to the Shareholders of approximately HK\$19,206,000 for FY2017 as extracted from the 2017 Annual Report.
5. The implied PBR of the Offer was calculated based upon the Offer Price multiplied by total number of issued Shares of 1,000,000,000 as at the Latest Practicable Date and then divided by net asset value of the Group attributable to the Shareholders of approximately HK\$123,311,000 as at 30 September 2017 as extracted from the 2017 Interim Report.

As depicted from the above table, the PERs of the Comparables ranged from approximately 13.82 times to approximately 19.82 times, with an average of approximately 17.53 times. Accordingly, the implied PER of the Offer of approximately 18.74 times falls within the range and is above the average of the PERs of the Comparables.

In addition, the PBRs of the Comparables ranged from approximately 0.79 times to approximately 1.70 times, with an average of approximately 1.34 times. Accordingly, the implied PBR of the Offer of approximately 2.92 times is above the upper end of the range of the PBRs of the Comparables.

Having considered that (i) the implied PER of the Offer falls within the range and is above the average of the PERs of the Comparables; and (ii) the implied PBR of the Offer is above the upper end of the range of the PBRs of the Comparables, we consider that the Offer Price is fair and reasonable.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular:

- (i) as mentioned in the section headed “3. Financial information of the Group” and the section headed “4. Prospects of the Group” of this letter, the prospects and future development of the Group are uncertain;
- (ii) the Offer Price of HK\$0.36 is higher than the average closing prices of the Shares as quoted on the Stock Exchange during the Review Period;
- (iii) given thin trading volume of the Shares during the majority of the Review Period, it is uncertain as to whether there would be sufficient liquidity in the Shares for the disposal of large block of Shares held by the Independent Shareholders within a short time frame in the open market without triggering price slump of the Shares and the Offer provides an exit alternative for the Independent Shareholders who would like to realise their investments in the Shares at the Offer Price; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) the implied PER of the Offer falls within the range and is above average of the PERs of the Comparables; and the implied PBR of the Offer is above the upper end of the range of the PBRs of the Comparables,

we consider that the terms of the Offer are fair and reasonable. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

We would also like to remind the Independent Board Committee to remind the Independent Shareholders to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market, where possible, instead of accepting the Offer, if the net proceeds received from the disposal of Shares exceed the net amount receivable under the Offer.

Those Independent Shareholders who decide to retain part or all of their investments in the Company should carefully monitor the intentions of the Offeror in relation to the Company in the future and the potential difficulties they may encounter in disposing of their investments in the Company after the close of the Offer. Further terms and conditions of the Offer are set out in the “Letter from CCIC” and Appendix I to the Composite Document.

As different Independent Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Akron Corporate Finance Limited
Ross Cheung
Managing Director

Mr. Ross Cheung is a licensed person registered with the Securities and Futures Commission of Hong Kong and regarded as a responsible officer of Akron Corporate Finance Limited to carry on Type 6 (advising on corporate finance) regulated activity as defined under the SFO and has over 15 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE

To accept the Offer, you should complete and sign the Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Offer by post or by hand to the Registrar in an envelope marked “**i-Control Holdings Limited Offer**” on the envelope by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorizing it to accept the Offer on your behalf and requesting it to deliver the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar in an envelope marked “**i-Control Holdings Limited Offer**”; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar in an envelope marked “**i-Control Holdings Limited Offer**”, by no later than 4:00 p.m. on the Closing Date; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the

processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominee Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered in an envelope marked "**i-Control Holdings Limited Offer**" to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar in an envelope marked "**i-Control Holdings Limited Offer**".

The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar in an envelope marked "**i-Control Holdings Limited Offer**" together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to CCIC and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form(s) of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the duly completed Form of Acceptance is received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine in compliance with the requirements of the Takeovers Code and announce, and is:
 - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered shareholder of Shares or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
- (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Independent Shareholders, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (h) The address of the Registrar is at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong.

2. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offer has previously been revised or extended, all Forms of Acceptance must be received by the Registrar by 4:00 p.m. on the Closing Date in accordance with the instructions printed thereon.

If the Offer is extended or revised, the announcement of such extension or revision will state the next Closing Date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification and/or announcement of the extension or revision to the Independent Shareholders and, unless previously extended or revised, shall be closed on the subsequent Closing Date.

If the Offeror revises the terms of the Offer, all Independent Shareholders whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer as so extended.

3. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

4. ANNOUNCEMENTS

- (a) By 6:00 p.m. (or such later time and/or date as the Executive agrees) on the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its intention in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement on the Stock Exchange's website no later than 7:00 p.m. on the Closing Date stating whether the Offer has been revised, extended or has expired. The announcement must state the following:
- (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
 - (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror or parties acting in concert with it before the offer period (as defined under the Takeovers Code); and
 - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the offer period by the Offeror or parties acting in concert with it.

The announcement must include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold.

The announcement must also specify the percentages of the relevant classes of share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares represented by acceptances, for announcement purposes, acceptances which are not in all respects in complete and good order or that are subject to verification may only be included where they could be counted towards fulfilling the conditions under paragraph 1(e) of this Appendix.
- (c) As required under the Takeovers Code and the GEM Listing Rules, any announcement in relation to the Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, will be published on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.i-controlholdings.com>).

5. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders or by their agent(s) on their behalves shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.

- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “Announcements” above, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within ten days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholder(s) at their own risk.

6. SETTLEMENT

- (a) Provided that the Form of Acceptance and/or the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date for the acceptance of the Offer, a cheque for the amount representing the cash consideration due to each accepting Shareholder in respect of the Shares tendered by him/her or his/her agent(s) under the Offer, less seller’s ad valorem stamp duty payable by him/her in the case for tendered Shares, will be despatched to each accepting Shareholder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) Business Days from the date of receipt of duly completed acceptances by the Registrar.
- (b) No fractions of a cent will be payable and the amount of the consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.
- (c) Cheque(s) not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.
- (d) Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder.

7. OVERSEAS SHAREHOLDERS

The making of the Offer or the acceptance thereof by persons not being a resident of Hong Kong or with a registered address in jurisdictions outside Hong Kong may be affected by the laws of the relevant jurisdictions. Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

It is the responsibility of any such persons who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Offeror that the local laws and requirements have been fully complied with. Independent Shareholders should consult their professional adviser if in doubt.

8. GENERAL

- (a) All communications, notices, Form of Acceptance, share certificate(s), transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents through post at their own risk, and none of the Company, the Offeror, CCIC, the Independent Financial Adviser, the Registrar nor any of their respective directors or agents or other parties involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.
- (c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form of Acceptance will constitute an authority to any director of the Offeror, CCIC or such person or persons as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares, in respect of which such person has accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and CCIC that the Shares acquired under the Offer are sold by any such person or persons free from all liens, claims and Encumbrances and with all rights attached thereto, including but not limited to the right to receive in full all dividends or other distributions paid, declared or made, if any, on or after the date on which the Offer is made, being the date of this Composite Document.
- (g) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and CCIC that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.

- (h) The Offeror does not intend to exercise any right which may be available to it to acquire compulsorily any Shares not acquired under the Offer after the Offer has closed.
- (i) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.
- (j) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

9. INTERPRETATION

- (a) A reference in this Composite Document to an Independent Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Composite Document apply to them jointly and severally.
- (b) A reference in this Composite Document and the Form of Acceptance to the Offer shall include any extension and/or revision thereof.
- (c) A reference in this Composite Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

1. FINANCIAL SUMMARY

The following is a summary of the audited financial results of the Group for each of the three years ended 31 March 2015, 2016 and 2017 as extracted from the relevant annual reports of the Company and the unaudited financial results of the Group for the three months ended 30 June 2017 and the six months ended 30 September 2017 as extracted from the quarterly report and interim report of the Company.

	Six months	Three months	Year ended 31 March		
	ended 30 September 2017 HK\$'000 (unaudited)	ended 30 June 2017 HK\$'000 (unaudited)	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000
Revenue	61,740	26,473	138,113	141,922	111,482
Profit before taxation	6,383	1,204	23,472	15,244	9,592
Income tax expense	(1,205)	(342)	(4,266)	(3,254)	(4,027)
Profit for the year/period	5,178	862	19,206	11,990	5,565
<i>attributable to:</i>					
Owners of the Company	5,178	862	19,206	11,786	4,841
Non-controlling interests	–	–	–	204	724
Other comprehensive (expense) income item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translating a foreign operation	(18)	(10)	(100)	85	(149)
Total comprehensive income for the year/period	5,160	852	19,106	12,075	5,416
<i>attributable to:</i>					
Owners of the Company	5,160	852	19,106	11,871	4,692
Non-controlling interests	–	–	–	204	724
Earnings per share:					
Basic and diluted	HK0.52 cents	HK0.09 cents	HK1.92 cents	HK1.22 cents	HK0.68 cents

	As at 30 September 2017 <i>HK\$'000</i> (unaudited)	As at 31 March		
		2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets	95,659	97,287	98,135	52,270
Current assets	86,226	93,005	95,394	46,609
Current liabilities	57,902	61,499	78,046	74,681
Net current assets (liabilities)	28,324	31,506	17,348	(28,072)
Non-current liabilities	672	642	438	335
Capital and reserves				
Share capital	10,000	10,000	10,000	8
Reserves	113,311	118,151	105,045	21,830
Non-controlling interests	–	–	–	2,025
Total equity	123,311	128,151	115,045	23,863

There were no exceptional items because of size, nature or incidence in respect of the consolidated financial statements of the Company during each of the three years ended 31 March 2015, 2016 and 2017.

The auditors of the Company, namely, SHINEWING (HK) CPA Limited, have not issued any qualified opinion, modified opinion, emphasis of matter or material uncertainty relating to going concern on the Group's financial statements for each of the three years ended 31 March 2015, 2016 and 2017.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2017

The following is the audited consolidated financial information of the Group for the year ended 31 March 2017 as extracted from the annual report of the Group for the year ended 31 March 2017.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the Year Ended 31 March 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	7	138,113	141,922
Cost of inventories sold		(77,011)	(79,713)
Staff cost		(26,953)	(29,660)
Depreciation		(3,216)	(2,789)
Other income and gain	7	903	778
Other operating expenses		(7,205)	(13,997)
Finance costs	9	(1,159)	(1,297)
		<hr/>	<hr/>
Profit before taxation		23,472	15,244
Income tax expense	10	(4,266)	(3,254)
		<hr/>	<hr/>
Profit for the year	11	<u>19,206</u>	<u>11,990</u>
Attributable to:			
Owners of the Company		19,206	11,786
Non-controlling interests		<u>–</u>	<u>204</u>
		<u>19,206</u>	<u>11,990</u>
Profit for the year		19,206	11,990
Other comprehensive (expense) income			
Item that may be reclassified			
subsequently to profit or loss:			
Exchange differences arising on			
translating a foreign operation		<u>(100)</u>	<u>85</u>
Total comprehensive income for the year		<u>19,106</u>	<u>12,075</u>
Total comprehensive income			
attributable to:			
Owners of the Company		19,106	11,871
Non-controlling interests		<u>–</u>	<u>204</u>
		<u>19,106</u>	<u>12,075</u>
Earnings per share			
Basic and diluted	12	<u>HK1.92 cents</u>	<u>HK1.22 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	<i>Notes</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Non-current assets			
Property and equipment	<i>15</i>	86,052	88,313
Investment properties	<i>16</i>	11,060	9,638
Deferred tax assets	<i>24</i>	175	184
		<u>97,287</u>	<u>98,135</u>
Current assets			
Inventories	<i>17</i>	10,121	6,227
Trade receivables	<i>18</i>	27,194	30,919
Prepayments, deposits and other receivables	<i>19</i>	1,638	1,212
Bank balances and cash	<i>20</i>	54,052	57,036
		<u>93,005</u>	<u>95,394</u>
Current liabilities			
Trade payables	<i>21</i>	9,165	8,207
Other payables and accruals	<i>22</i>	7,303	15,410
Bank borrowings	<i>23</i>	44,101	53,522
Tax payables		930	907
		<u>61,499</u>	<u>78,046</u>
Net current asset		<u>31,506</u>	<u>17,348</u>
Total assets less current liabilities		<u>128,793</u>	<u>115,483</u>
Non-current liability			
Deferred tax liabilities	<i>24</i>	642	438
Net assets		<u><u>128,151</u></u>	<u><u>115,045</u></u>
Capital and reserves			
Share capital	<i>25</i>	10,000	10,000
Reserves	<i>26</i>	118,151	105,045
Total equity		<u><u>128,151</u></u>	<u><u>115,045</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2017

	Attributable to the owners of the Company					Subtotal HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000			
	As at 31 March 2015 and 1 April 2015	8	–	10,817	(107)			
Profit and other comprehensive income for the year	–	–	–	85	11,786	11,871	204	12,075
Issuance of share (note 25)	7	–	–	–	–	7	–	7
Issuance of ordinary shares in connection with the listing (note (a))	2,500	87,500	–	–	–	90,000	–	90,000
Capitalisation issue (note (b))	7,485	(7,485)	–	–	–	–	–	–
Share issue expenses	–	(8,671)	–	–	–	(8,671)	–	(8,671)
Acquisitions of additional interests in subsidiaries (note 33)	–	–	–	–	–	–	(2,229)	(2,229)
As at 31 March 2016 and 1 April 2016	10,000	71,344	10,817	(22)	22,906	115,045	–	115,045
Profit and other comprehensive income for the year	–	–	–	(100)	19,206	19,106	–	19,106
Dividend paid (note 14)	–	(6,000)	–	–	–	(6,000)	–	(6,000)
At 31 March 2017	10,000	65,344	10,817	(122)	42,112	128,151	–	128,151

Notes:

- (a) In connection with the Company's placing and listing, 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.
- (b) Pursuant to the written resolution passed by the shareholders of the Company on 11 May 2015, the directors of the Company (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.

CONSOLIDATED STATEMENT OF CASH FLOWS*For the Year Ended 31 March 2017*

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
OPERATING ACTIVITIES		
Profit before taxation	23,472	15,244
Adjustments for:		
Interest income	(79)	(67)
Depreciation	3,216	2,789
Finance costs	1,159	1,297
Impairment loss on inventories	87	–
Reversal of impairment loss on inventories	(63)	(51)
Net gain on write-off of property and equipment	(27)	–
Written off of other payables	–	(475)
Loss on disposal of property and equipment	–	3
	<u>27,765</u>	<u>18,740</u>
Operating cash flows before movements in working capital	27,765	18,740
Increase in inventories	(3,918)	(600)
Decrease (increase) in trade receivables	3,695	(10,033)
(Increase) decrease in prepayments, deposits and other receivables	(426)	4,155
Increase in trade payables	958	1,812
(Decrease) increase in other payables and accruals	(8,107)	3,802
	<u>19,967</u>	<u>17,876</u>
Cash generated from operations	19,967	17,876
Income taxes paid	(4,030)	(3,517)
	<u>15,937</u>	<u>14,359</u>
NET CASH FROM OPERATING ACTIVITIES	15,937	14,359
INVESTING ACTIVITIES		
Acquisitions of property and equipment	(1,147)	(48,752)
Acquisitions of investment properties	(1,680)	–
Interest received	79	67
Insurance compensation for written off of property and equipment	473	–
	<u>(2,275)</u>	<u>(48,685)</u>
NET CASH USED IN INVESTING ACTIVITIES	(2,275)	(48,685)

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
FINANCING ACTIVITIES		
Bank borrowings raised	10,000	14,800
Repayment of bank borrowings	(19,421)	(16,146)
Interest paid	(1,159)	(1,297)
Dividend paid	(6,000)	–
Proceeds from initial public offering	–	90,000
Issue of shares	–	7
Payment for share issue expenses	–	(8,671)
Payment for acquisition of additional interests in subsidiaries	–	(2,229)
	<u>–</u>	<u>(2,229)</u>
NET CASH (USED IN) FROM FINANCING ACTIVITIES	<u>(16,580)</u>	<u>76,464</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,918)	42,138
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	57,036	14,831
Effect of foreign exchange rate changes	(66)	67
	<u>(66)</u>	<u>67</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
represented by bank balances and cash	<u>54,052</u>	<u>57,036</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS*For the Year Ended 31 March 2017***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 Company's shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 27 May 2015.

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 successful listing of the Company on GEM on 27 May 2015, 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 (the "Prospectus").

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 (the "HK\$" or "HKD"), which is the Company's functional and presentation currency. Other than the subsidiary established in PRC and Singapore whose functional currency is Renminbi ("RMB") and Singapore dollar ("SGD") respectively, the functional currency of the Company and other subsidiaries is HK\$.

The Group comprising the Company and its subsidiaries controlled 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, resulting from the Reorganisation, is regarded as a continuing entity. Accordingly, the financial statements have been prepared on a combined basis as if the Company had always been the holding company of the Group by applying the principles of merger accounting with reference to Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as if the current group structure had been in existence at the beginning of the year ended 31 March 2016 as set out in the accounting policy of the Company under "Merger accounting for business combination involving entities under common control" in note 3.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows including the results and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the year ended 31 March 2016.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following amendments to HKFRSs, and amendments to Hong Kong Accounting Standards (“HKAS(s)”), issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the amendments to HKFRSs and HKASs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ²
Amendments to HKAS 7	Disclosure Initiative ¹
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to HKAS 40	Transfers of Investment Property ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle ⁵
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ³

¹ Effective for annual periods beginning on or after 1 January 2017.

² Effective for annual periods beginning on or after 1 January 2018.

³ Effective for annual periods beginning on or after 1 January 2019.

⁴ Effective date not yet been determined.

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

The directors of the Company anticipate that, except as described below, the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments

to the classification and measurement by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an “expected credit loss” model for impairment assessments.

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

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss (“FVTPL”), HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity’s expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.
- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have an impact on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures. For instance, the Group will be required to replace the incurred loss impairment model in HKAS 39 with an expected loss impairment model that will apply to various exposures to credit risk. HKFRS 9 will also change the way the Group classifies and measures its financial assets, and will require the Group to consider the business model and contractual cash flow characteristics of financial assets to determine classification and subsequent measurement. It is not practicable to provide a reasonable estimate of the effect of HKFRS 9 (2014) until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

- Step 1: Identify the contract with the customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. Certain costs incurred in fulfilling a contract which are currently expensed may need to be recognised as an asset under HKFRS 15. More disclosures relating to revenue are also required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detail review is completed.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16.

As at 31 March 2017, the Company has non-cancellable operating lease commitments of HK\$339,000 (2016: HK\$760,000) as disclosed in note 27. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Company will recognise a right-of-use asset and a corresponding liability in respect of all these lease unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the effect until a detail review is completed.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns. When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations under common control

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

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

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

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

Revenue recognition

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

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

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

Service income is recognised when services are provided.

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

Property and equipment

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

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

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

Investment properties

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

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

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

An item of property and equipment becomes an investment property when there is a change in use, as evidenced by end of owner-occupation. When an entity uses the cost model, transfers between owner-occupied property and investment property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Leasing

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

The Group as lessor

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

The Group as lessee

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

Leasehold land and building

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

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

Foreign currencies

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

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

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing cost

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

Retirement benefits costs

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

Taxation

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Inventories

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

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

Effective interest method

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

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

Loans and receivables

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

Impairment of financial assets

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

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

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

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

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

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

Financial liabilities including trade payables, other payables and accruals and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

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

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

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

Cash and cash equivalents

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

Impairment losses on tangible assets

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

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the entity's accounting policies

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

Deferred tax assets

Deferred tax assets are recognised for certain deductible temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Further details of which are disclosed in note 24.

Key sources of estimation uncertainty

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

Depreciation of property and equipment and investment properties

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

Estimated impairment of property and equipment and investment properties

The Group determines whether the property and equipment and investment properties are impaired whenever there is indication of impairment presented. The impairment loss for property and equipment and investment properties are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of property and equipment and investment properties have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates such as future revenue and discount rates. As at 31 March 2017, the carrying values of property and equipment and investment properties were approximately HK\$86,052,000 and HK\$11,060,000 (2016: HK\$88,313,000 and HK\$9,638,000) respectively. No impairment was recognised for the years ended 31 March 2017 and 2016.

Estimated allowance for inventories

The management of the Group reviews an ageing analysis at the end of each reporting period and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. As at 31 March 2017, the carrying amounts of inventories of the Group were approximately HK\$10,121,000 (2016: HK\$6,227,000), net of accumulated allowances for inventories of approximately HK\$484,000 (2016: HK\$460,000). During the year ended 31 March 2017, impairment loss of approximately HK\$87,000 (2016: nil) and reversal of impairment loss of approximately HK\$63,000 (2016: HK\$51,000) were recognised respectively.

Estimated impairment of trade receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. As at 31 March 2017, the carrying amounts of trade receivables were approximately HK\$27,194,000 (2016: HK\$30,919,000). No impairment was recognised for the years ended 31 March 2017 and 2016.

Income tax

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

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes the borrowing disclosed in note 23, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, reserves and retained earnings.

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

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2017 HK\$'000	2016 HK\$'000
Financial assets		
Loans and receivables (including bank balances and cash)	81,647	88,431
Financial liabilities		
Amortised cost	57,339	71,478

(b) Financial risk management objectives and policies

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

Market risk

Currency risk

The Group's exposure to foreign currency risk relates principally to its bank balances and trade payables denominated in foreign currencies other than the functional currency of relevant group entity.

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

	Assets		Liabilities	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
United States dollar ("USD")	1,377	1,652	889	754

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

Sensitivity analysis

As HK\$ is pegged to USD, the directors of the Company do not expect any significant movements in the USD/HKD exchange rate.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 20) and variable-rate bank borrowings (note 23) carrying interest at prevailing market rates. However, the exposure in bank balances is minimal to the Group as the bank balances are all short-term in nature. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimise the fair value interest rate risk.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of each reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of reporting period was outstanding for the whole year. A 50 (2016: 50) basis point increase or decrease is used for the year when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower for the year ended 31 March 2017 and all other variables were held constant, the Group's post-tax profit would decrease/increase by approximately HK\$184,000 (2016: HK\$165,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank borrowings.

Credit risk

As at 31 March 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

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

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

The Group has concentration of credit risk as 15% (2016: 11%) of the total trade receivables as at 31 March 2017 was due from the Group's largest customer respectively.

The Group has concentration of credit risk as 53% (2016: 35%) of the total trade receivables as at 31 March 2017 was due from the Group's five largest customers respectively.

The Group's concentration of credit risk by geographical locations is mainly in the Hong Kong, which accounted for over 90% (2016: 96%) of the total trade receivables as at 31 March 2017.

Liquidity risk

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

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

	Weighted average interest rate %	On demand or within 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2017				
Trade payables	–	9,165	9,165	9,165
Other payables and accruals	–	4,073	4,073	4,073
Bank borrowings	2.14%	45,044	45,044	44,101
		<u>58,282</u>	<u>58,282</u>	<u>57,339</u>

	Weighted average interest rate %	On demand or within 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
As at 31 March 2016				
Trade payables	–	8,207	8,207	8,207
Other payables and accruals	–	9,749	9,749	9,749
Bank borrowings	2.15%	54,710	54,710	53,522
		<u>72,666</u>	<u>72,666</u>	<u>71,478</u>

Bank borrowings with a repayment on demand clause are included in the “on demand or within 1 year” time band in the above maturity analysis. At 31 March 2017, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$45,044,000 (2016: HK\$54,710,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank loans will be repaid more than one year after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK\$47,628,000 (2016: HK\$62,509,000).

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

Fair value

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

7. REVENUE AND OTHER INCOME AND GAIN

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 revenue and other income and gain is as follows:

	2017 HK\$'000	2016 HK\$'000
Revenue		
Service income		
Solution for audiovisual, conferencing, presentation and multimedia control systems including installation services (<i>note a</i>)	124,253	129,566
Audiovisual system maintenance services	13,860	12,356
	<u>138,113</u>	<u>141,922</u>
Other income and gain		
Bank interest income	79	67
Exchange gain	95	82
Net gain on write-off of property and equipment (<i>note b</i>)	27	–
Rental income	548	–
Written off of other payable	–	475
Sundry income	154	154
	<u>903</u>	<u>778</u>

Note:

- (a) Included in this service income, revenue of approximately HK\$12,239,000 (2016: HK\$15,074,000) 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).
- (b) The amount included a compensation of approximately HK\$473,000 received from insurance claim for write-off of property and equipment.

8. SEGMENT INFORMATION

The directors of the Company consider that there is only one operating and reportable business segment for the Group, the service provider of video conferencing and multimedia audiovisual solution and maintenance service. 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 (place of domicile), the People's Republic of China (the "PRC") and Singapore. The Group's customers are mainly located in Hong Kong, the PRC, Macau 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	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong (place of domicile)	116,644	131,906
PRC	14,111	4,229
Singapore	737	121
Macau	6,621	5,666
	<u>138,113</u>	<u>141,922</u>

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

	Non-current assets	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong	97,048	97,843
The PRC	64	108
	<u>97,112</u>	<u>97,951</u>

Non-current assets excluded deferred tax assets.

Information about major customers

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

9. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest expenses on bank borrowings	<u>1,159</u>	<u>1,297</u>

10. INCOME TAX EXPENSE

	2017 HK\$'000	2016 HK\$'000
Current tax:		
– Hong Kong Profit Tax	3,496	3,383
– PRC Enterprise Income Tax	225	–
– Singapore Corporate Tax	49	–
	<u>3,770</u>	<u>3,383</u>
Under (over) provision in prior year		
– Hong Kong	283	(329)
	<u>4,053</u>	<u>3,054</u>
Deferred taxation (note 24)	213	200
	<u>4,266</u>	<u>3,254</u>

- i) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 March 2017 (2016: 16.5%).
- ii) Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, PRC Enterprises Income Tax is calculated at 25% of the estimated assessable profit for the year ended 31 March 2017 while the Company did not have any assessable profit arising in the PRC for the year ended 31 March 2016.
- iii) Singapore Corporate Tax is calculated at the rate of 17% on the estimated assessable profit for the year ended 31 March 2017 (2016: 17%).
- iv) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.

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

	2017 HK\$'000	2016 HK\$'000
Profit before taxation	<u>23,472</u>	<u>15,244</u>
Tax at domestic income tax rate of 16.5%	3,873	2,515
Effect of different tax rate of subsidiaries operating in other jurisdictions	129	(49)
Tax effect of expense not deductible for tax purposes	196	1,040
Tax effect of income not taxable for tax purposes	(13)	(11)
Tax effect of tax loss not recognised	–	148
Utilisation of taxes losses previously not recognised	(132)	–
Tax exemption ⁽¹⁾	(70)	(60)
Under (over) provision in prior year	283	(329)
	<u>4,266</u>	<u>3,254</u>

- ⁽¹⁾ The Group’s subsidiaries incorporated in Hong Kong and Singapore have been granted tax concessions by tax authorities in relevant jurisdictions.

Details of the deferred taxation are set out in note 24.

11. PROFIT FOR THE YEAR

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments (<i>note 13</i>)	5,248	8,559
Salaries and allowances (excluding directors' emoluments)	20,705	20,192
Retirement benefit scheme contributions (excluding director's emoluments)	1,000	909
	<u>26,953</u>	<u>29,660</u>
Total staff costs		
Cost of inventories sold	77,011	79,713
Reversal of provision on inventories included in cost of inventories sold	(63)	(51)
Provision on inventories included in cost of inventories sold	87	–
Depreciation	3,216	2,789
Operating lease rentals in respect of rented premises	609	778
Loss on disposal of property and equipment	–	3
Listing expenses	–	5,533
Auditor's remuneration	640	675
	<u>640</u>	<u>675</u>

12. EARNINGS PER SHARE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share	19,206	11,786
	<u>19,206</u>	<u>11,786</u>
	2017 <i>'000</i>	2016 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,000,000	962,432
	<u>1,000,000</u>	<u>962,432</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 2017 and 2016.

The weighted average number of ordinary shares in issue during the year ended 31 March 2016 has been retrospectively adjusted for the effect of the capitalisation issue as stated in note 25 pursuant to the Reorganisation as stated in the Prospectus as if such capitalisation issued shares were issued during the year ended 31 March 2016.

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

(a) Directors' and chief executives' emoluments

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

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking	For the year ended 31 March 2017			Total HK\$'000
	Fees	Salaries and other allowances	Retirement benefit scheme Contributions	
	HK\$'000	HK\$'000	HK\$'000	
Executive directors:				
Mr. Chan Wing Yiu	–	1,310	–	1,310
Mr. Tong Sai Wong	–	1,310	–	1,310
Mr. Chan Wing Lun	–	1,800	18	1,818
Non-executive directors:				
Dr. Wong King Keung	180	–	–	180
Mr. Lin Wing Ching	180	–	–	180
Independent non-executive directors:				
Dr. Lai Wing Chueng	150	–	–	150
Dr. Chan Man Hung	150	–	–	150
Mr. Lum Pak Sum	150	–	–	150
	810	4,420	18	5,248
	810	4,420	18	5,248

For the year ended 31 March 2016

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking	Notes	Salaries and other			Retirement	Total
		Fees	allowances	Discretionary bonus	benefit scheme contributions	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors:						
Mr. Chan Wing Yiu	(i)	–	1,040	616	5	1,661
Mr. Tong Sai Wong	(ii)	–	1,040	756	14	1,810
Mr. Chan Wing Lun	(i)	–	2,238	2,160	15	4,413
Non-executive directors:						
Dr. Wong King Keung	(iii)	150	–	–	–	150
Mr. Lin Wing Ching	(iii)	150	–	–	–	150
Independent non-executive directors:						
Dr. Lai Wing Chueng	(iv)	125	–	–	–	125
Dr. Chan Man Hung	(iv)	125	–	–	–	125
Mr. Lum Pak Sum	(iv)	125	–	–	–	125
		675	4,318	3,532	34	8,559

Notes:

- (i) Appointed as a director on 21 August 2014 and designated as an executive director on 11 May 2015.
- (ii) Appointed as a director on 21 August 2014 and designated as the chairman of the Board and an executive director on 11 May 2015.
- (iii) Appointed as a director on 21 August 2014 and designated as a non-executive director on 11 May 2015.
- (iv) Appointed as an independent non-executive director on 11 May 2015.

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

None of the directors waived or agreed to waive any emoluments during the years ended 31 March 2017 and 2016.

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

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2016: three) were the directors of the Company. Their emoluments are included in the disclosures in note 13(a) above. The emoluments of the remaining two (2016: two) individuals for the years ended 31 March 2017 and 2016 were as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Salaries and other allowances	2,228	3,440
Retirement benefit scheme contributions	65	61
	<u>2,293</u>	<u>3,501</u>

There were no performance related incentive payments during the years ended 31 March 2017 and 2016.

Their emoluments were within the following bands:

	Number of individuals	
	2017	2016
Less than HK\$1,000,000	1	–
HK\$1,000,001 to HK\$2,000,000	1	2
	<u>1</u>	<u>2</u>

No emoluments were paid by the Group to the directors, chief executive or the five highest paid individuals as inducements to join or upon joining the Group or as a compensation for loss of office during the years ended 31 March 2017 and 2016.

14. DIVIDEND

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Dividend recognised as distribution during the year 2016 Final – HK0.6 cents per share (2016: 2015 Final dividend – Nil)	<u>6,000</u>	<u>–</u>

Subsequent to the end of the reporting period, a final dividend of HK1.0 cent per share in respect of the year ended 31 March 2017 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

15. PROPERTY AND EQUIPMENT

	Land and buildings HK\$'000	Furniture and fixtures HK\$'000	Computer equipment HK\$'000	Leasehold improvement HK\$'000	Motor Vehicle HK\$'000	Total HK\$'000
COST						
At 1 April 2015	55,552	1,406	353	1,751	–	59,062
Additions	46,653	109	898	1,092	–	48,752
Transfer to investment property	(10,637)	–	–	–	–	(10,637)
Disposal	–	(48)	–	–	–	(48)
Exchange adjustments	–	4	–	–	–	4
At 31 March 2016 and 1 April 2016	91,568	1,471	1,251	2,843	–	97,133
Additions	–	–	170	–	977	1,147
Write-off	–	(135)	(9)	(396)	(478)	(1,018)
Exchange adjustments	–	(13)	–	–	–	(13)
At 31 March 2017	<u>91,568</u>	<u>1,323</u>	<u>1,412</u>	<u>2,447</u>	<u>499</u>	<u>97,249</u>
ACCUMULATED DEPRECIATION						
At 1 April 2015	4,243	1,102	217	1,511	–	7,073
Provided for the year	2,010	288	116	366	–	2,780
Transfer to investment property	(990)	–	–	–	–	(990)
Eliminated on disposal	–	(45)	–	–	–	(45)
Exchange adjustments	–	2	–	–	–	2
At 31 March 2016 and 1 April 2016	5,263	1,347	333	1,877	–	8,820
Provided for the year	2,409	54	213	217	65	2,958
Write-off	–	(135)	(1)	(396)	(40)	(572)
Exchange adjustments	–	(9)	–	–	–	(9)
At 31 March 2017	<u>7,672</u>	<u>1,257</u>	<u>545</u>	<u>1,698</u>	<u>25</u>	<u>11,197</u>
Carrying values						
At 31 March 2017	<u>83,896</u>	<u>66</u>	<u>867</u>	<u>749</u>	<u>474</u>	<u>86,052</u>
At 31 March 2016	<u>86,305</u>	<u>124</u>	<u>918</u>	<u>966</u>	<u>–</u>	<u>88,313</u>

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

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

- ii) As at 31 March 2017, land and buildings with carrying amounts of approximately HK\$83,896,000 (2016: HK\$86,305,000) have been pledged to secure bank borrowings of approximately HK\$44,101,000 (2016: HK\$53,522,000).
- iii) All of the land and buildings are located in Hong Kong and held under medium term lease.
- iv) During the year ended 31 March 2016, the Group leased out a formerly self-occupied commercial unit located in Hong Kong and reclassified such unit as an investment property. The property was previously occupied by the Group as office which was previously classified as land and buildings under property and equipment. The carrying value of the unit on the date of reclassification amounted to HK\$9,647,000 (note 16).

16. INVESTMENT PROPERTIES

	Total <i>HK\$'000</i>
COST	
At 1 April 2015	–
Transfer from property and equipment	9,647
	<hr/>
At 31 March 2016	9,647
Addition	1,680
	<hr/>
At 31 March 2017	11,327
	<hr/>
ACCUMULATED DEPRECIATION	
At 1 April 2015	–
Provided for the year	9
	<hr/>
At 31 March 2016	9
Provided for the year	258
	<hr/>
At 31 March 2017	267
	<hr/>
Carrying values	
At 31 March 2017	11,060
	<hr/> <hr/>
At 31 March 2016	9,638
	<hr/> <hr/>

The above investment properties are located in Hong Kong with medium term lease and depreciated on a straight-line basis over the remaining lease term.

The fair value of the Group' investment property as at 31 March 2017 was approximately HK\$20,880,000 (2016: HK\$19,200,000), which was determined by the directors of the Company. The valuation performed by the directors of the Company was made by reference to recent market prices for properties in the similar locations and conditions.

As at 31 March 2017, an investment property with the carrying amount of approximately HK\$9,414,000 (2016: HK\$9,638,000) has been pledged to secure bank borrowings of approximately HK\$44,101,000 (2016: HK\$53,522,000).

17. INVENTORIES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Finished goods	<u>10,121</u>	<u>6,227</u>

During the year ended 31 March 2017, there were sales of finished goods previously impaired. As a result, a reversal of wrote-down of finished goods of HK\$63,000 (2016: HK\$51,000) was recognised and included in cost of inventories sold.

18. TRADE RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	<u>27,194</u>	<u>30,919</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 aged analysis of trade receivables, presented based on invoice dates at the end of each reporting period, which approximated the respective revenue recognition dates.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0–30 days	9,742	13,211
31–60 days	6,073	7,536
61–120 days	5,557	5,767
121–365 days	5,096	3,215
Over 365 days	<u>726</u>	<u>1,190</u>
	<u>27,194</u>	<u>30,919</u>

At 31 March 2017 and 31 March 2016, the aged analysis of trade receivables that were past due but not impaired are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 to 30 days	6,073	7,536
31 to 60 days	747	1,723
61 to 120 days	4,810	4,044
121 to 365 days	5,096	3,223
Over 365 days	<u>421</u>	<u>1,207</u>
	<u>17,147</u>	<u>17,733</u>

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$17,147,000 (2016: HK\$17,333,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss.

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 2017 and 2016, the directors of the Company consider that no allowance is necessary in respect of these balances.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Prepayments	1,237	736
Deposits	100	107
Other receivables	301	369
	<u>1,638</u>	<u>1,212</u>

20. BANK BALANCES AND CASH

The bank balances for the years ended 31 March 2017 and 31 March 2016 carried interest at the prevailing market rate.

The Group's bank balances and cash denominated in RMB amounted to approximately HK\$726,000 (2016: HK\$235,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

21. TRADE PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	<u>9,165</u>	<u>8,207</u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 to 60 days	5,248	4,111
61 to 90 days	378	1,316
Over 90 days	<u>3,539</u>	<u>2,780</u>
	<u>9,165</u>	<u>8,207</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.

22. OTHER PAYABLES AND ACCRUALS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Accrued salary	1,720	5,920
Commission payable	1,133	1,993
Customer deposits (for trade)	1,680	2,740
Receipts in advance	1,550	2,921
Accrued expenses and other payables	1,220	1,836
	<u>7,303</u>	<u>15,410</u>

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

23. BANK BORROWINGS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Secured mortgage loans	<u>44,101</u>	<u>53,522</u>
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreement):		
On demand or within one year	4,421	4,421
More than one year but not exceeding two years	4,421	4,421
More than two years but not exceeding five years	30,040	13,263
After five years	5,219	31,417
	<u>44,101</u>	<u>53,522</u>
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)	39,680	49,101
Carrying amount repayable within one year	<u>4,421</u>	<u>4,421</u>
Amounts shown under current liabilities	44,101	53,522
Amount shown under non-current liabilities	<u>–</u>	<u>–</u>
	<u>44,101</u>	<u>53,522</u>

Borrowings comprise:

	Maturity Date	Effective interest rate	Carrying amount 2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Floating-rate borrowings:				
– HKD mortgage loans ^{(1) & (3)}	21/8/2021	2.22%	31,767	39,708
– HKD mortgage loans ^{(2) & (4)}	12/7/2025	1.94%	12,334	13,814
			<u>44,101</u>	<u>53,522</u>

- (1) The floating rate is lower of HIBOR plus 2% or 2.25% below best lending rate.
- (2) The floating rate is lower of HIBOR plus 1.7% or 2.25% below best lending rate.
- (3) Repayable in 84 equal monthly installments commencing from the drawdown of the borrowings.
- (4) Repayable in 120 equal monthly installments commencing from the drawdown of the borrowings.

Notes:

- (a) The bank borrowings are all denominated in HK\$.
- (b) All bank borrowings were guaranteed by the Company and its Hong Kong subsidiaries for both years.
- (c) As at 31 March 2017, bank borrowings of approximately HK\$44,101,000 (2016: HK\$53,522,000) was secured by investment property and land and buildings of the Group with carrying amounts of HK\$9,414,000 and HK\$83,896,000 (2016: HK\$9,638,000 and HK\$86,305,000) respectively.

24. DEFERRED TAXATION

The following is the analysis of the deferred tax asset (liabilities), before set off certain deferred tax assets against deferred tax liabilities of the same taxable entity, for financial reporting purposes:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Deferred tax assets	175	184
Deferred tax liabilities	(642)	(438)
	<u>(467)</u>	<u>(254)</u>

The following are the major deferred tax (assets) liabilities recognised and movements thereon during the current year and prior year:

	Accelerated depreciation allowance <i>HK\$'000</i>	Tax losses <i>HK\$'000</i>	Provision for inventory <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2015 and 1 April 2015	152	(13)	(85)	54
Charged to profit or loss during the year (Note 10)	<u>233</u>	<u>(42)</u>	<u>9</u>	<u>200</u>
At 31 March 2016 and 1 April 2016	385	(55)	(76)	254
Charged to profit or loss during the year (Note 10)	<u>210</u>	<u>7</u>	<u>(4)</u>	<u>213</u>
At 31 March 2017	<u>595</u>	<u>(48)</u>	<u>(80)</u>	<u>467</u>

At 31 March 2017, the Group had used tax losses of approximately HK\$791,000 (2016: HK\$1,629,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$292,000 (2016: HK\$333,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$499,000 (2016: HK\$1,296,000) due to the unpredictability of future profit streams. As at 31 March 2016, included in unrecognised tax losses are losses of HK\$578,000 (2017: nil) that will expire in five years' time. Other losses may be carried forward indefinitely.

25. SHARE CAPITAL

Ordinary shares of HK\$0.01 each	Number of share 2017	Share capital 2017 HK\$	Number of share 2016	Share capital 2016 HK\$
Authorised				
As at 1 April	2,000,000,000	20,000,000	38,000,000	380,000
Increase in authorised share capital (Note a)	—	—	1,962,000,000	19,620,000
As at 31 March	2,000,000,000	20,000,000	2,000,000,000	20,000,000
Issued and fully paid				
As at 1 April	1,000,000,000	10,000,000	750,000	7,500
Issued and allotted on 11 May 2015 (Note b)	—	—	750,000	7,500
Issued by capitalisation of share premium account on 11 May 2015 (Note c)	—	—	748,500,000	7,485,000
Issued and allotted during the period (Note d)	—	—	250,000,000	2,500,000
As at 31 March	1,000,000,000	10,000,000	1,000,000,000	10,000,000
		HK\$'000		HK\$'000
Shown in consolidated financial statements		10,000		10,000

Notes:

- (a) On 11 May 2015, the authorised 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 capitalisation 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.

All shares issued rank pari passu in all respects with all shares then in issue.

26. RESERVES**Merger reserve**

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

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3.

27. OPERATING LEASE COMMITMENT**The Group as lessor**

Property rental income earned during the year ended 31 March 2017 was HK\$548,000 (2016: nil). The properties are expected to generate rental yields of 4.8% on an ongoing basis and have committed tenants for the next 1.75 years. All of the properties held have committed tenants for the next 1.75 years.

At the end of each reporting period, the Company contracted with tenant for the following future minimum lease receivables under non-cancellable operating leases:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within one year	521	510
After one year but within five years	411	879
	<u>932</u>	<u>1,389</u>

The Group as lessee

The Group leases certain of its warehouses and offices under operating lease arrangements. Lease is negotiated for an average term of one to three years (2016: one to three years).

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within one year	242	425
In the second to fifth year inclusive	97	335
	<u>339</u>	<u>760</u>

28. PLEDGE OF ASSETS

At 31 March 2017, investment property and land and building of approximately HK\$9,414,000 and HK\$83,896,000 (2016: HK\$9,638,000 and HK\$86,305,000) of the Group were pledged to secure banking borrowings facilities granted to the Group, respectively.

29. RETIREMENT BENEFIT SCHEME

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

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

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

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

The total cost charged to profit or loss of approximately HK\$1,018,000 (2016: HK\$943,000) represents contributions payable to those schemes by the Group in respect of the current accounting period.

30. RELATED PARTY TRANSACTIONS

During the period, the Group has the following material transactions and balances with related parties.

(a) Compensation of key management personnel

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

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

31. SHARE-BASED PAYMENT TRANSACTIONS

The Company’s share option scheme (the “Scheme”) was adopted pursuant to a written resolution of the Company passed on 11 May 2015 for the purpose of attracting and retaining the best quality personnel for the development of the Group’s businesses, providing additional incentives to the qualifying grantees, and promoting the long term financial success of the Group by aligning the interests of option holders to shareholders of the Company. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, consultants, business partners or other eligible person as stated in the Scheme, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue during any 12-month period, without prior approval from the Company’s shareholders. Each grant of options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) and the shareholders of the Company in a general meeting with such participant and his/her close associates (or his/her associates if the participant is a connected person) abstaining from voting.

Options granted must be taken up within twenty-eight days from the date of the offer, upon payment of HK\$1 per option. Option periods of the options granted shall not be greater than a period of ten years from the date of grant of the options. The exercise price is determined by the directors of the Company, and will not be less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

No share options are granted since the adoption of the Scheme and during the year ended 31 March 2017 and 2016.

32. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiaries	Place and date of incorporation/ establishment	Class of shares held	Paid up issued/ registered ordinary share capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company		Principal activities
				Directly		Indirectly		2017	2016	
				2017	2016	2017	2016			
i-Control ITAV Limited	British Virgin Islands ("BVI")	Ordinary Shares	USD7	100	100	–	–	100	100	Investment holding
i-Control Consultancy Limited	BVI	Ordinary Shares	Ordinary Shares USD1	–	–	100	100	–	–	Corporate consultancy and support
i-Control Limited	Hong Kong	Ordinary Shares	Ordinary Shares HK\$2,500,000	–	–	100	100	–	–	Professional audio visual system integrator
I-CONTROL (ITAV) PTE. LTD.	Singapore	Ordinary Shares	Ordinary Shares SGD1,000	–	–	100	100	–	–	Professional audio visual system integrator
Eduserve International Limited	Hong Kong	Ordinary Shares	Ordinary Shares HK\$3,000,000	–	–	100	100	–	–	Professional audio visual system integrator
i-Control (China) Limited	Hong Kong	Ordinary Shares	Ordinary Shares HK\$1,800,000	–	–	100	100	–	–	Professional audio visual system integrator
i-Control (Shanghai) Information Technology Co. Ltd 愛港超(上海)信息科技有限公司	The PRC	Ordinary Shares	Registered Capital RMB1,000,000	–	–	100	100	–	–	Professional audio visual system integrator
View Mark Limited	Hong Kong	Ordinary Shares	Ordinary Shares HK\$10,000	–	–	100	100	–	–	Property holding
Billion Peace Limited	Hong Kong	Ordinary Shares	Ordinary Shares HK\$10,000	–	–	100	100	–	–	Property holding
Modern China Business Consultants Limited	Hong Kong	Ordinary Shares	Ordinary Shares HK\$4,500,000	–	–	100	100	–	–	Property holding
Deluxe Peace Limited	Hong Kong	Ordinary Shares	Ordinary Shares HK\$10,000	–	–	100	100	–	–	Property holding

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

33. NON-CONTROLLING INTERESTS

Change in ownership interests in subsidiaries

During the year ended 31 March 2016, the Group acquired the 20% of equity interests of Eduserve International Limited and 30% of equity interests of i-Control (China) Limited that entities under common control and became the 100% holding company of the subsidiaries now comprising the Group.

34. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017 HK\$'000	2016 HK\$'000
Non-current asset		
Investments in subsidiaries	20,093	20,093
	<u>20,093</u>	<u>20,093</u>
Current assets		
Other receivables	112	112
Amounts due from subsidiaries (<i>note (i)</i>)	77,757	83,847
Bank balances and cash	2,304	138
	<u>80,173</u>	<u>84,097</u>
Current liabilities		
Other payables	940	2,700
Amounts due to subsidiaries (<i>note (i)</i>)	3,263	–
Income tax payables	72	–
	<u>4,275</u>	<u>2,700</u>
Net current assets	<u>75,898</u>	<u>81,397</u>
Total assets less current liabilities	<u><u>95,991</u></u>	<u><u>101,490</u></u>
Capital and reserves		
Share capital	10,000	10,000
Reserves (<i>note (ii)</i>)	85,991	91,490
Total equity	<u><u>95,991</u></u>	<u><u>101,490</u></u>

Notes:

- (i) The amounts due from (to) subsidiaries are unsecured, interest-free and repayable on demand.

(ii) Movement in reserves

	Share premium <i>HK\$'000</i>	Retained profit <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2015	–	–	–	–
Issuance of ordinary shares in connection with the listing	87,500	–	–	87,500
Capitalisation issue (<i>Note 25 (c)</i>)	(7,485)	–	–	(7,485)
Share issue expenses	(8,671)	–	–	(8,671)
Acquisition of interests in subsidiaries	–	–	20,093	20,093
Profit for the year and total comprehensive expense for the year	–	53	–	53
At 31 March 2016 and 1 April 2016	71,344	53	20,093	91,490
Dividend paid	(6,000)	–	–	(6,000)
Profit for the year and total comprehensive expense for the year	–	501	–	501
At 31 March 2017	<u>65,344</u>	<u>554</u>	<u>20,093</u>	<u>85,991</u>

3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENT OF THE GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

The following is the unaudited consolidated financial information of the Group for the six months ended 30 September 2017 as extracted from the interim report of the Group for the six months ended 30 September 2017.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

	Notes	Three months ended 30 September		Six months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	3	35,267	34,449	61,740	58,448
Cost of inventories sold		(20,758)	(19,638)	(36,904)	(33,793)
Staff cost		(6,946)	(6,494)	(13,530)	(13,043)
Depreciation		(814)	(766)	(1,628)	(1,552)
Other income, gains and losses	3	96	452	241	629
Other operating expenses		(1,472)	(1,522)	(3,107)	(3,107)
Finance costs		(194)	(281)	(429)	(562)
Profit before taxation		5,179	6,200	6,383	7,020
Income tax expense	5	(863)	(1,024)	(1,205)	(1,304)
Profit for the period		4,316	5,176	5,178	5,716
Other comprehensive (expenses) income Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translating a foreign operation		(8)	3	(18)	(61)
Total comprehensive income for the period		4,308	5,179	5,160	5,655
Earnings per share Basic and diluted	7	HK0.43 cents	HK0.52 cents	HK0.52 cents	HK0.57 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	<i>Notes</i>	30 September 2017 <i>HK\$'000</i> (Unaudited)	31 March 2017 <i>HK\$'000</i> (Audited)
Non-current assets			
Property and equipment	8	86,181	86,052
Investment properties	8	9,303	11,060
Deferred tax assets		175	175
		<u>95,659</u>	<u>97,287</u>
Current assets			
Inventories		10,092	10,121
Trade receivables	9	26,521	27,194
Prepayments, deposits and other receivables		4,835	1,638
Bank balances and cash		44,778	54,052
		<u>86,226</u>	<u>93,005</u>
Current liabilities			
Trade payables	10	8,856	9,165
Other payables and accruals		6,153	7,303
Bank borrowings	11	41,890	44,101
Tax payables		1,003	930
		<u>57,902</u>	<u>61,499</u>
Net current assets		<u>28,324</u>	<u>31,506</u>
Total assets less current liabilities		<u>123,983</u>	<u>128,793</u>
Non-current liability			
Deferred tax liabilities		672	642
Net assets		<u>123,311</u>	<u>128,151</u>
Capital and reserves			
Share capital	12	10,000	10,000
Reserves		113,311	118,151
Total equity		<u>123,311</u>	<u>128,151</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 September 2017*

	Attributable to the owners of the Company					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	
At 1 April 2016 (audited)	10,000	71,344	10,817	(22)	22,906	115,045
Profit and total comprehensive (expense) income for the period	-	-	-	(61)	5,716	5,655
2016 final dividend paid	-	(6,000)	-	-	-	(6,000)
At 30 September 2016 (unaudited)	<u>10,000</u>	<u>65,344</u>	<u>10,817</u>	<u>(83)</u>	<u>28,622</u>	<u>114,700</u>
At 1 April 2017 (audited)	10,000	65,344	10,817	(122)	42,112	128,151
Profit and total comprehensive (expense) income for the period	-	-	-	(18)	5,178	5,160
2017 final dividend paid	-	(10,000)	-	-	-	(10,000)
At 30 September 2017 (unaudited)	<u>10,000</u>	<u>55,344</u>	<u>10,817</u>	<u>(140)</u>	<u>47,290</u>	<u>123,311</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2017*

	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	<u>3,377</u>	<u>1,033</u>
INVESTING ACTIVITIES		
Acquisition of investment property	–	(1,682)
Acquisition of properties and equipments	–	(533)
Interest received	<u>7</u>	<u>33</u>
NET CASH FROM (USED IN) INVESTING ACTIVITIES	<u>7</u>	<u>(2,182)</u>
FINANCING ACTIVITIES		
Dividend paid	(10,000)	(6,000)
Repayment of bank borrowings	(2,211)	(2,211)
Interest paid	<u>(429)</u>	<u>(562)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(12,640)</u>	<u>(8,773)</u>
NET DECREASE IN CASH AND CASH EQUIVALENT	(9,256)	(9,922)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	54,052	57,036
Effect of foreign exchange rate changes	<u>(18)</u>	<u>–</u>
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD		
represented by bank balances and cash	<u><u>44,778</u></u>	<u><u>47,114</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

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 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 six months ended 30 September 2017 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 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 2017. The Group has adopted new or revised standards, amendments to standards and interpretations of Hong Kong Financial Reporting Standards which are effective for accounting periods commencing on or after 1 April 2017. 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.

3. REVENUE AND OTHER INCOME, GAINS AND LOSSES

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 revenue and other income, gains and losses are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue				
Service income				
Solution for audiovisual, conferencing, presentation and multimedia control systems including installation services	31,782	30,952	55,063	51,571
Audiovisual system maintenance services	3,485	3,497	6,677	6,877
	<u>35,267</u>	<u>34,449</u>	<u>61,740</u>	<u>58,448</u>
Other income, gains and losses				
Rental income	127	139	266	270
Bank interest income	2	15	7	33
Exchange (loss) gain	(33)	23	(33)	45
Sundry income	–	275	1	281
	<u>96</u>	<u>452</u>	<u>241</u>	<u>629</u>

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		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong (country of domicile)	33,498	33,475	55,780	55,291
The PRC (other than Hong Kong and Macau)	1,764	685	5,689	1,842
Macau	5	231	271	584
Singapore	–	58	–	731
	<u>35,267</u>	<u>34,449</u>	<u>61,740</u>	<u>58,448</u>

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

	Non-current assets	
	30 September	31 March
	2017	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	95,439	97,048
The PRC	<u>45</u>	<u>64</u>
	<u>95,484</u>	<u>97,112</u>

Non-current assets excluded deferred tax assets.

5. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current income tax:				
– Hong Kong Profits Tax	531	979	843	1,259
– PRC Enterprise Income Tax	332	–	332	–
Deferred taxation	–	45	30	45
Total income tax expense for the period	<u>863</u>	<u>1,024</u>	<u>1,205</u>	<u>1,304</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 September 2017 (2016: 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 2017 (2016: 25%).

Singapore Corporate Tax is calculated at the rate of 17% on the estimated assessable profit for the six months ended 30 September 2017 (2016: 17%).

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

6. DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2017 (for the six months ended 30 September 2016: nil).

The payment of a final dividend of HK1.0 cent per share amounted to HK\$10,000,000 for the year ended 31 March 2017 (2016: final dividend of HK0.6 cents per share amounted to HK\$6,000,000) has been resolved and declared at the annual general meeting of the Company held on 8 August 2017. The date of payment was on 12 September 2017.

7. EARNINGS PER SHARE

	Three months ended 30 September		Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Earnings				
Earnings for the purpose of basic earnings per share	<u>4,316</u>	<u>5,176</u>	<u>5,178</u>	<u>5,716</u>

	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	'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	1,000,000

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 six months ended 30 September 2017 and 2016.

8. MOVEMENTS IN PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 September 2017, the Group transferred an investment property to property for own-use with a net carrying value of approximately HK\$1,636,000.

9. TRADE RECEIVABLES

The following is an aged 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 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
0-30 days	4,793	9,742
31-60 days	7,927	6,073
61-120 days	5,286	5,557
121-365 days	4,709	5,096
Over 365 days	3,806	726
	<u>26,521</u>	<u>27,194</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.

In determining the recoverability of trade receivables, the Group considers any change in credit quality of the trade receivables from the date credit initially granted up to the reporting date. In view of the goods settlement history from those receivables of the Group which are past due but not impaired during the Period, the Directors consider that no allowance is necessary in respect of these balances.

10. TRADE PAYABLES

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

	30 September 2017	31 March 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
0 to 60 days	5,179	5,248
61 to 90 days	890	378
Over 90 days	2,787	3,539
	<u>8,856</u>	<u>9,165</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.

11. BANK BORROWINGS

	30 September 2017	31 March 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Secured:		
Mortgage loan	41,890	44,101
	<u>41,890</u>	<u>44,101</u>
Bank borrowings repayable:		
On demand or within one year	4,421	4,421
More than one year but not exceeding two years	4,421	4,421
More than two years but not exceeding five years	28,852	30,040
More than five years	4,196	5,219
	<u>41,890</u>	<u>44,101</u>
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)	37,469	39,680
Carrying amount repayable within one year	4,421	4,421
	<u>41,890</u>	<u>44,101</u>
Amount shown under non-current liabilities	—	—
	<u>41,890</u>	<u>44,101</u>

Borrowings comprise:

	Maturity date	Effective interest rate	Carrying amount	
			30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Floating-rate borrowings				
HKD mortgage loans ^{(1)&(3)}	21/8/2021	1.75%/2.22%	30,296	31,767
HKD mortgage loan ^{(2)&(4)}	12/7/2025	1.75%/1.94%	11,594	12,334
			41,890	44,101

(1) As at 30 September 2017, the floating rate is lower of HIBOR plus 1.4% or 2.25% below best lending rate (31 March 2017: the floating rate is lower of HIBOR plus 2% or 2.25% below best lending rate).

(2) As at 30 September 2017, the floating rate is HIBOR plus 1.4% (31 March 2017: the floating rate is 1-month HIBOR plus 1.7%).

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

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

Notes:

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

(b) As at 30 September 2017, bank borrowings of approximately HK\$41,890,000 (31 March 2017: HK\$44,101,000) was secured by land and buildings and an investment property of the Group with carrying amounts of approximately HK\$82,692,000 and HK\$9,303,000 respectively (31 March 2017: HK\$83,896,000 and HK\$9,414,000 respectively).

12. SHARE CAPITAL

	Number of shares	Share capital HK\$
Authorised		
As at 31 March 2017 and 30 September 2017	2,000,000,000	20,000,000
Issued and fully paid		
As at 31 March 2017 and 30 September 2017	1,000,000,000	10,000,000

13. OPERATING LEASE COMMITMENT**The Group as lessor**

The properties are expected to generate rental yields of 5.4% (as at 31 March 2017: 4.8%) on an ongoing basis and have committed tenants for the next 1.25 years (as at 31 March 2017: 1.75 years).

At the end of each reporting period, the Company contracted with tenants for the following future minimum lease receivables under non-cancellable operating leases:

	30 September 2017	31 March 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within one year	510	521
In the second to fifth year inclusive	113	411
	<u>623</u>	<u>932</u>

The Group as lessee

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

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 2017	31 March 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within one year	399	242
In the second to fifth year inclusive	26	97
	<u>425</u>	<u>339</u>

14. PLEDGE OF ASSETS

As at 30 September 2017, an investment property and land and buildings of approximately HK\$9,303,000 and HK\$82,692,000 respectively (31 March 2017: HK\$9,414,000 and HK\$83,896,000 respectively) 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		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term benefits	2,267	2,894	4,162	4,767
Post-employment benefits	43	39	84	79
	<u>2,310</u>	<u>2,933</u>	<u>4,246</u>	<u>4,846</u>

The remuneration of the key management personnel is determined by the Board having regards to the performance of individuals and market trends.

4. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this Composite Document, the Group had outstanding bank borrowings of approximately HK\$41,890,000.

Save as aforesaid, the Group did not have, at the close of business on 30 September 2017, any outstanding borrowings, mortgages, charges, debentures, loan capital or overdraft, debt securities or other similar indebtedness, finance leases or hire-purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or material contingent liabilities.

The Directors have confirmed that there has not been any material change in the indebtedness or contingent liabilities of the Group since 30 September 2017.

5. MATERIAL CHANGE

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group subsequent to 31 March 2017, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with it, the terms of the Offer and the future intention of the Offeror regarding the Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any such statement contained in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$20,000,000 divided into 2,000,000,000 Shares, of which 1,000,000,000 Shares had been issued and were fully paid or credited as fully paid.

All the existing issued Shares are fully paid up and rank *pari passu* in all respects including all rights as to dividends, voting and capital. The Company has not issued any Shares since 31 March 2017, the date to which the latest audited financial statements of the Company were made up.

Other than the Shares in issue, as at the Latest Practicable Date, there were no convertible securities, warrants, options, derivatives or other securities issued by the Company that are convertible or exchangeable into Shares or other types of equity interest in issue.

3. DISCLOSURE OF INTERESTS

(a) **Interests and short positions of the Directors' and chief executive in the Shares, the underlying shares and debentures of the Company or any associated corporation.**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required 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 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities

transactions by the Directors to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares and the underlying shares

Name of Director	Capacity	Number of Shares held	Percentage of shareholding in the Company
Dr. Wong King Keung	Beneficial owner	150,000,000	15.00%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) 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 which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange.

(b) Interests and short positions of the substantial Shareholders in the Shares and underlying shares

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Long positions in the Shares

Name of Shareholder	Capacity	Number of Shares held	Percentage of shareholding in the Company
The Offeror	Beneficial owner	600,000,000	60.00%
Wong Lau Sau Yee Angeli (<i>Note</i>)	Interest of spouse	150,000,000	15.00%

Note: Ms. Wong Lau Sau Yee Angeli is the spouse of Dr. Wong King Keung, a Director. By virtue of the SFO, Ms. Wong Lau Sau Yee Angeli is deemed to be interested in the 150,000,000 Shares in which Dr. Wong King Keung is interested.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. DEALINGS IN SECURITIES OF THE COMPANY

During the Relevant Period,

- (a) the Directors did not have any dealings in the Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
- (b) no subsidiaries of the Company, pension funds of any member of the Group or any advisers to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
- (c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code; and
- (d) no fund managers connected with the Company had any dealings in any Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares.

5. OTHER DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (i) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code;
- (ii) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code exists between a person who owned or controlled Shares or any convertible securities, warrants, options or derivatives issued by the Company and the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of “associate” under the Takeovers Code;

- (iii) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Company;
- (iv) save that Dr. Wong King Keung (who was interested in 150,000,000 Shares as at the Latest Practicable Date) has irrevocably agreed and undertaken under the Undertaking that he will not tender any or all of the Shares held by him for acceptance under the Offer, none of the Directors had irrevocably committed himself to accept or reject the Offer in respect of his own beneficial shareholdings;
- (v) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;
- (vi) no benefit was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (vii) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (viii) no material contracts had been entered into by the Offeror in which any Director had a material personal interest.

6. SERVICE CONTRACTS

The Company entered into director's service agreements with the Directors in May 2015 (the "2015 Contracts") which were renewed in May 2017 (the "2017 Contracts") with the following details:-

	2015 Contracts		2017 Contracts	
	Fixed monthly remuneration (excluding pensions) (HK\$)	Variable remuneration	Fixed monthly remuneration (excluding pensions) (HK\$)	Variable remuneration
Mr. Tong Sai Wong	104,000	Nil	114,660	Nil
Mr. Chan Wing Yiu	104,000	Nil	57,330	Nil
Mr. Chan Wing Lun	132,000	Nil	150,000	Nil
Dr. Wong King Keung	15,000	Nil	15,000	Nil
Mr. Lin Wing Ching	15,000	Nil	15,000	Nil
Dr. Chan Man Hung	12,500	Nil	12,500	Nil
Dr. Lai Wing Chueng	12,500	Nil	12,500	Nil
Mr. Lum Pak Sum	12,500	Nil	12,500	Nil

Each of the 2017 Contracts has a term up to 31 March 2019 which may be terminated by the respective Director serving not less than one month's notice in writing or by the Company serving not less than 3 months' notice in writing or in accordance with the GEM Listing rules and/or the Companies Law of the Cayman Islands.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the commencement of the Offer Period; or (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. MATERIAL CONTRACTS

No contract (not being contracts in the ordinary course of business) had been entered into by members of the Group within the two years preceding 18 July 2017 (being the date of commencement of the Offer Period) and up to the Latest Practicable Date and was or might be material.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

9. EXPERT'S QUALIFICATION AND CONSENT

The following are the qualifications of the expert who has given opinion or advice which is contained or referred to in this Composite Document:

Name	Qualification
Akron Corporate Finance Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, and/or references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interest in any assets which had been, since 31 March 2017, being the date of the latest published audited consolidated financial

statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. GENERAL

- (i) The registered office of the Company is situated at Estera Trust (Cayman) Limited, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its headquarter and principal place of business in Hong Kong is situated at Units A&B, 12/F, MG Tower 133, Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.
- (ii) The registered office of the Independent Financial Adviser is situated at 17/F, Times Media Centre, 133 Wanchai Road, Wanchai, Hong Kong.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the website of the SFC at <http://www.sfc.hk>; and (ii) the website of the Company at <http://www.i-controlholdings.com>, from the date of this Composite Document up to and including the Closing Date:

- (a) the amended and restated memorandum and articles of association of the Company;
- (b) the annual report of the Company for each of the two years ended 31 March 2016 and 2017, the first quarterly report of the Company for the three months ended 30 June 2017 and the interim report of the Company for the six months ended 30 September 2017;
- (c) the letter from the Board as set out on pages 17 to 22 of this Composite Document;
- (d) the letter from the Independent Board Committee as set out on pages 23 to 24 of this Composite Document;
- (e) the letter from the Independent Financial Adviser as set out on pages 25 to 44 of this Composite Document;
- (f) the written consent from the Independent Financial Adviser referred to in the paragraph headed “Expert’s qualification and consent” in this appendix;
- (g) the Sale and Purchase Agreement (which contains, among other things, the Undertaking); and
- (h) this Composite Document and the accompanying Form of Acceptance.

1. RESPONSIBILITY STATEMENT

The directors of the Offeror accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, the Vendors and parties acting in concert with them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any such statement contained in this Composite Document misleading.

2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price per Share HK\$
27 January 2017	0.223
28 February 2017	0.270
31 March 2017	0.285
28 April 2017	0.335
31 May 2017	0.350
30 June 2017	0.330
14 July 2017 (last trading day before the date of the 18 July Announcement)	0.355
31 July 2017	0.325
31 August 2017	0.350
29 September 2017	0.350
4 October 2017 (Last Trading Day)	0.355
31 October 2017	0.370
14 November 2017 (Latest Practicable Date)	0.380

3. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the expert(s) who have given its report, opinion or advice which are contained in this Composite Document:

Name	Qualification
CCIC	A licensed corporation under the SFO for carrying out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

The above expert has given and has not withdrawn its written consents to the issue of this Composite Document with the inclusion herein of its letters, reports and references to its name, in the form and context in which it is included.

4. GENERAL

- a) The registered office of the Offeror is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of the Offeror is at Unit 1008-1010, 10/F., Tower I, Grand Century Place, 193 Prince Edward Road West, Mongkok, Kowloon, Hong Kong.
- b) The principal business address of CCIC is at Suite 3108, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
- c) The registered office of Brilliant Future Limited is at Sea Meadow House, Blackburne Highway, (P.O. Box 116), Road Town, Tortola, British Virgin Islands.

5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the website of the SFC at <http://www.sfc.hk>; and (ii) the website of the Company at <http://www.i-controlholdings.com>, from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from CCIC as set out in the section headed “Letter from CCIC” in this Composite Document; and
- (c) the written consent from CCIC respectively as referred to in the paragraph headed “3. EXPERTS’ QUALIFICATIONS AND CONSENTS” in this Appendix IV.