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## **i-CONTROL HOLDINGS LIMITED**

### **超智能控股有限公司**

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

**(Stock code: 1402)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022**

### **ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of i-Control Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2022, together with the comparative figures for the year ended 31 March 2021:

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

*For the Year Ended 31 March 2022*

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Revenue	4	<b>171,448</b>	145,380
Cost of sales		<b>(110,584)</b>	(88,557)
Staff cost		<b>(39,201)</b>	(35,207)
Depreciation		<b>(3,037)</b>	(3,282)
Other income and net gain	4	<b>331</b>	3,837
Other operating expenses		<b>(9,880)</b>	(6,922)
Finance costs	6	<b>(371)</b>	(582)
<b>Profit before taxation</b>		<b>8,706</b>	14,667
Income tax expenses	7	<b>(2,021)</b>	(1,943)
<b>Profit for the year</b>	8	<b>6,685</b>	12,724
<b>Other comprehensive income</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Exchange differences arising on translating foreign operations		<b>358</b>	131
<b>Total comprehensive income for the year</b>		<b>7,043</b>	12,855

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Profit (loss) for the year attributable to:</b>			
Equity shareholders of the Company		<b>6,697</b>	12,789
Non-controlling interests		<b>(12)</b>	(65)
		<u><b>6,685</b></u>	<u>12,724</u>
<b>Total comprehensive income for the year attributable to:</b>			
Equity shareholders of the Company		<b>7,084</b>	12,918
Non-controlling interests		<b>(41)</b>	(63)
		<u><b>7,043</b></u>	<u>12,855</u>
<b>Earnings per share</b>			
Basic	9	<u><b>HK0.65 cents</b></u>	<u>HK1.28 cents</u>
Diluted	9	<u><b>HK0.65 cents</b></u>	<u>HK1.28 cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property and equipment		<b>82,856</b>	85,393
Financial assets at fair value through other comprehensive income (“FVTOCI”)	<i>11</i>	<b>8,586</b>	–
Prepayments		<b>4,416</b>	–
Deferred tax assets		<b>805</b>	654
		<b>96,663</b>	86,047
<b>Current assets</b>			
Inventories		<b>17,902</b>	12,513
Trade receivables and contract assets	<i>12</i>	<b>44,238</b>	35,915
Prepayments, deposits and other receivables		<b>5,017</b>	2,491
Loan to an investee	<i>11</i>	<b>8,586</b>	–
Tax recoverables		<b>356</b>	2,010
Bank balances and cash		<b>71,034</b>	68,692
		<b>147,133</b>	121,621
<b>Current liabilities</b>			
Trade payables	<i>13</i>	<b>20,131</b>	16,427
Other payables and accruals		<b>24,255</b>	18,402
Bank borrowings	<i>14</i>	<b>22,527</b>	26,417
Tax payables		<b>312</b>	299
		<b>67,225</b>	61,545
<b>Net current assets</b>		<b>79,908</b>	60,076
<b>Total assets less current liabilities</b>		<b>176,571</b>	146,123
<b>Non-current liability</b>			
Deferred tax liabilities		<b>1,483</b>	1,208
<b>Net assets</b>		<b>175,088</b>	144,915
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>10,505</b>	10,000
Reserves		<b>163,799</b>	134,978
<b>Total equity attributable to equity shareholders of the Company</b>		<b>174,304</b>	144,978
Non-controlling interests		<b>784</b>	(63)
<b>Total equity</b>		<b>175,088</b>	144,915

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2022

	Attributable to the equity shareholders of the Company										
	Share capital	Shares held under share award scheme	Share premium	Merger reserve	Employee share-based compensation reserve	Translation reserve	Statutory surplus reserve	Retained profits	Total	Non-controlling interests	Total equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 April 2020	10,000	-	35,344	10,817	-	(246)	-	85,145	141,060	-	141,060
Profit (loss) for the year	-	-	-	-	-	-	-	12,789	12,789	(65)	12,724
Other comprehensive income for the year:											
Exchange differences arising on translating foreign operations	-	-	-	-	-	129	-	-	129	2	131
Total comprehensive income for the year	-	-	-	-	-	129	-	12,789	12,918	(63)	12,855
2020 final dividend paid (note 10)	-	-	(9,000)	-	-	-	-	-	(9,000)	-	(9,000)
At 31 March 2021 and 1 April 2021	10,000	-	26,344	10,817	-	(117)	-	97,934	144,978	(63)	144,915
Profit (loss) for the year	-	-	-	-	-	-	-	6,697	6,697	(12)	6,685
Other comprehensive income for the year:											
Exchange differences arising on translating foreign operations	-	-	-	-	-	387	-	-	387	(29)	358
Total comprehensive income for the year	-	-	-	-	-	387	-	6,697	7,084	(41)	7,043
Issue of shares under share award scheme (note 15)	5	(270)	265	-	-	-	-	-	-	-	-
Issue of shares under placing (note 15)	500	-	28,000	-	-	-	-	-	28,500	-	28,500
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	888	888
Equity-settled share-based payment transactions (note 16)	-	144	-	-	426	-	-	-	570	-	570
2021 final dividend paid (note 10)	-	-	(6,828)	-	-	-	-	-	(6,828)	-	(6,828)
Transfer to statutory surplus reserve	-	-	-	-	-	-	208	(208)	-	-	-
At 31 March 2022	10,505	(126)	47,781	10,817	426	270	208	104,423	174,304	784	175,088

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2022

### 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 (as revised) of the Cayman Islands. The registered office of the Company is Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its headquarters and principal place of business in Hong Kong is Units A&B, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Company's shares ("Shares") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Directors consider that the immediate and ultimate holding company is Phoenix Time Holdings Limited which is incorporated in the British Virgin Islands (the "BVI"). Its ultimate controlling party is Mr. Zhong Naixiong.

The Company is engaged in investment holding while its principal subsidiaries are principally engaged in provision of video conferencing and multimedia audiovisual ("VCMA") solution and maintenance services and cloud-based Information Technology and Operational Technology ("IT+OT") managed services.

Items included in the financial statements of each of the Company and its subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars (the "HK\$" or "HKD"), which is the Company's functional and presentation currency. Other than the subsidiaries established in the People's Republic of China (the "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\$.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are effective for the Group's financial year beginning 1 April 2021:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

## New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts and related Amendments <sup>2</sup>
Amendments to HKFRS 3	Reference to Conceptual Framework <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>2</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>2</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>2</sup>
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use <sup>1</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

### 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 Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### 4. REVENUE AND OTHER INCOME AND NET GAIN

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service line		
Provision of VCMA solution and maintenance services:		
– VCMA solution services	124,259	123,083
– VCMA maintenance services	20,848	18,777
Provision of cloud-based IT+OT managed services:		
– Artificial Intelligence of Things (“AIoT”) operation and other services	14,843	2,870
– Security services	11,498	650
	<u>171,448</u>	<u>145,380</u>
Disaggregation of revenue by timing of recognition		
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Timing of revenue recognition</b>		
At a point in time	150,290	125,734
Over time	21,158	19,646
	<u>171,448</u>	<u>145,380</u>
Total revenue from contracts with customers	<u>171,448</u>	<u>145,380</u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Other income and net gain</b>		
Government grants ( <i>note</i> )	–	3,447
Net exchange gain	29	206
Write off of trade payables	–	68
Bank interest income	82	61
Gain on disposal of property and equipment	215	55
Others	5	–
	<u>331</u>	<u>3,837</u>

*Note:* During the year ended 31 March 2021, the Group recognised government grants of approximately HK\$3,447,000 in respect of COVID-19-related subsidies related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-epidemic Fund. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

## 5. SEGMENT INFORMATION

The Directors consider that there are two operating and reportable business segments for the Group, being the provision of VCMA solution and maintenance services and cloud-based IT+OT managed services. The Group's operating segments are reported in a manner consistent with the information reported to the Board, being the chief operating decision maker (the "CODM"), for the purposes of resources allocation and performance assessment.

The Directors have chosen to organise the Group around differences in products and services.

Specifically, the Group's reportable segments are as follows:

1. Provision of VCMA solution and maintenance services
2. Provision of cloud-based IT+OT managed services

The provision of cloud-based IT+OT managed services, which included the provision of AIoT operation and other services and provision of security services, was commenced during the year ended 31 March 2021 as the Group diversified its business operation during the year ended 31 March 2021.

### (a) Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Provision of VCMA solution and maintenance services		Provision of cloud-based IT+OT managed services		Total	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
<b>For the year ended 31 March</b>						
Segment revenue – external customers	<u>145,107</u>	<u>141,860</u>	<u>26,341</u>	<u>3,520</u>	<u>171,448</u>	<u>145,380</u>
Segment results	<u>23,909</u>	<u>23,473</u>	<u>495</u>	<u>(430)</u>	<u>24,404</u>	23,043
Unallocated other income and net gain					31	3,770
Unallocated expenses					<u>(15,729)</u>	<u>(12,146)</u>
Profit before tax					<u>8,706</u>	<u>14,667</u>

Segment results represents the result from each segment without allocation of Directors' emoluments, other income and net gain, certain items of other operating expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

(b) **Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Provision of VCMA solution and maintenance services		Provision of cloud-based IT+OT managed services		Total	
	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>As at 31 March</b>						
<b>Segment assets</b>	<u>62,987</u>	<u>47,085</u>	<u>19,042</u>	<u>3,917</u>	<u>82,029</u>	51,002
Unallocated assets					<u>161,767</u>	<u>156,666</u>
Total assets					<u>243,796</u>	<u>207,668</u>
<b>Segment liabilities</b>	<u>(32,751)</u>	<u>(25,714)</u>	<u>(7,224)</u>	<u>(4,940)</u>	<u>(39,975)</u>	(30,654)
Unallocated liabilities					<u>(28,733)</u>	<u>(32,099)</u>
Total liabilities					<u>(68,708)</u>	<u>(62,753)</u>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than certain property and equipment, bank balances and cash, certain prepayments, deposits and other receivables, deferred tax assets and tax recoverables which are unable to allocate to reportable segments; and
- all liabilities are allocated to reportable segments other than certain other payables and accruals, bank borrowings, tax payables and deferred tax liabilities.

(c) **Other segment information**

	Provision of VCMA solution and maintenance services		Provision of cloud-based IT+OT managed services		Unallocated		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:								
Additions to property and equipment	483	40	17	-	-	1,120	500	1,160
Disposal of property and equipment	-	-	-	-	-	(484)	-	(484)
Depreciation of property and equipment	364	613	2	-	2,671	2,654	3,037	3,267
Provision for write-down of inventories	-	271	-	-	-	-	-	271
Write-off of trade payables	-	(68)	-	-	-	-	-	(68)

**(d) Geographical information**

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

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

	Revenue from external customers	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong (place of domicile)	143,224	139,463
The PRC	27,076	4,846
Macau	1,148	1,071
	<u>171,448</u>	<u>145,380</u>

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

	Non-current assets	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong (place of domicile)	82,835	85,386
The PRC	21	7
	<u>82,856</u>	<u>85,393</u>

*Note:* Non-current assets excluded deferred tax assets, financial assets at FVTOCI and non-current portion of prepayments.

**(e) Information about major customers**

No revenue from individual external customer contributed over 10% of total revenue of the Group for the year ended 31 March 2022.

## 6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest expenses on bank borrowings	371	580
Interest on lease liability	–	2
	<u>371</u>	<u>582</u>

## 7. INCOME TAX EXPENSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
– Hong Kong Profits Tax	1,771	1,790
– PRC Enterprise Income Tax	126	–
	<u>1,897</u>	<u>1,790</u>
Deferred taxation	124	153
	<u>2,021</u>	<u>1,943</u>

- i) Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the year ended 31 March 2022, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 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 profits for the years ended 31 March 2022 and 2021.
- iii) The Singapore subsidiary is in loss-making position for the current year and accordingly does not have any provision for Singapore Corporate Tax at 17% for the years ended 31 March 2022 and 2021.
- iv) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

## 8. PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Directors' emoluments	7,511	7,946
Salaries (excluding Directors' emoluments)	29,123	25,966
Retirement benefit scheme contributions (excluding Directors' emoluments)	1,997	1,295
Equity-settled share-based payment expenses	570	–
	<u>39,201</u>	<u>35,207</u>
Total staff costs		
	<u>39,201</u>	<u>35,207</u>
Cost of inventories sold including system development cost and installation cost	110,584	88,184
Provision for write-down of inventories (included in cost of sales)	–	271
Depreciation for property and equipment and right-of-use asset	3,037	3,267
Depreciation for investment property	–	15
Auditor's remuneration	748	725
Operating lease rentals in respect of rented premises	626	383
Research and development expenses (included in staff cost and other operating expenses)	2,595	116
	<u>2,595</u>	<u>116</u>

## 9. EARNINGS PER SHARE

The calculation of the basis and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share	<u>6,697</u>	<u>12,789</u>
	2022 '000	2021 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,031,296</u>	<u>1,000,000</u>
Weighted average number of ordinary shares in issue	1,031,296	1,000,000
Effect of share options granted	<u>2,844</u>	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,034,140</u>	<u>1,000,000</u>

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company.

## 10. DIVIDEND

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividend recognised as distribution during the year		
2021 Final dividend – HK0.65 cents per share		
(2021: 2020 Final dividend – HK0.90 cents per share)	<u>6,828</u>	<u>9,000</u>

Dividend of approximately HK\$6,828,000 was paid during the year ended 31 March 2022 (2021: HK\$9,000,000). Subsequent to the end of the reporting period, a final dividend of HK0.50 cents (2021: HK0.65 cents) per share in respect of the year ended 31 March 2022 has been proposed by the Directors and is subject to approval by the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting of the Company (“**AGM**”).

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND LOAN TO AN INVESTEE

Financial assets at FVTOCI comprise:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Equity instrument designated as FVTOCI		
– Unlisted	<u>8,586</u>	<u>–</u>

On 25 March 2021, Top Luck Development Limited (祥高發展有限公司) (“**Top Luck**”), a wholly-owned subsidiary of the Company, has entered into a shareholders’ agreement with two independent third parties of the Group (the “**Independent Third Parties**”) and a related company, which is controlled and substantially owned by Mr. Zhong Naixiong, a director of the Company (the “**Related Company**”), in relation to a commitment of capital contribution of RMB2,000,000 in Top Luck’s investment in a 4% equity interest of Changzhou Guoyun Green Data Technology Co., Limited\* (常州國雲綠色數據技術有限公司) (“**Changzhou Guoyun**”).

During the year ended 31 March 2022, the Independent Third Parties have transferred their entire interests in Changzhou Guoyun to the Related Company and Changzhou Guoyun has increased its registered capital from RMB50,000,000 to RMB350,000,000 for the purpose of funding the development of the IDC center in the PRC. In light of the aforesaid changes, Top Luck and the Related Company entered into a new shareholders’ agreement in August 2021 (the “**New Shareholders’ Agreement**”) pursuant to which the commitment of capital contributions of the Related Company and Top Luck were increased to RMB168,000,000 and RMB7,000,000 respectively (the “**Committed Capital Contributions**”). The timing for payment of the balance of the registered capital of Changzhou Guoyun in the sum of RMB175,000,000 is subject to further agreement between Top Luck and the Related Company. During the year ended 31 March 2022, the Committed Capital Contributions in respect of Top Luck’s 4% investment in Changzhou Guoyun in the sum of RMB7,000,000 was fully paid and recognised as financial assets at FVTOCI in the consolidated statement of financial position as it is held for long-term investment purpose.

Pursuant to the New Shareholders’ Agreement, any further capital contributions provided by the shareholders of Changzhou Guoyun in addition to the Committed Capital Contributions shall not be regarded as paid-up capital of Changzhou Guoyun but in the form of shareholders’ loans to Changzhou Guoyun, unless and until a further agreement is made between the Related Company and Top Luck to convert the same into paid-up capital.

\* *English name for identification purposes only*

During the year ended 31 March 2022, Top Luck has made a shareholder loan of approximately HK\$8,586,000 (equivalent to RMB7,000,000, which was in proportion to its 4% equity interest in Changzhou Guoyun) to Changzhou Guoyun which is unsecured, interest-free and repayable on demand. Up to the date of this announcement, the Group has not entered into any further agreement with the Related Company regarding the conversion of shareholders' loans to Changzhou Guoyun into paid-up capital.

## 12. TRADE RECEIVABLES AND CONTRACT ASSETS

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	43,190	35,637
Contract assets	<u>1,048</u>	<u>278</u>
	<u><b>44,238</b></u>	<u>35,915</u>

The Group generally allows credit periods ranged from 30 days to 180 days to the customers. The following is an ageing analysis of trade receivables, presented based on date of acknowledgement of receipt of goods by customers, which approximated the respective revenue recognition dates, at the end of the reporting period.

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	15,203	15,823
31 to 60 days	2,288	6,712
61 to 120 days	13,984	4,464
121 to 365 days	9,383	4,987
Over 365 days	<u>2,332</u>	<u>3,651</u>
	<u><b>43,190</b></u>	<u>35,637</u>

No loss allowance was made on the balances during the years ended 31 March 2022 and 2021 as the amount involved is insignificant.

## 13. TRADE PAYABLES

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	<u><b>20,131</b></u>	<u>16,427</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 60 days	5,055	8,974
61 to 90 days	5,656	834
Over 90 days	9,420	6,619
	<u>20,131</u>	<u>16,427</u>

The general credit periods on purchase of goods ranged from 30 days to 180 days. The Group has financial risk management policies or plans for its payables with respect to the credit timeframe.

#### 14. BANK BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Secured mortgage loans	<u>22,527</u>	<u>26,417</u>
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	4,096	21,481
More than one year but not exceeding two years	4,096	4,439
More than two years but not exceeding five years	14,335	497
	<u>22,527</u>	<u>26,417</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)	18,431	4,936
Carrying amount repayable within one year	<u>4,096</u>	<u>21,481</u>
Amounts shown under current liabilities	<u>22,527</u>	<u>26,417</u>

## 15. SHARE CAPITAL

	Number of share '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
<b>Authorised</b>		
At 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	2,000,000	20,000
<b>Issued and fully paid</b>		
At 1 April 2020, 31 March 2021 and 1 April 2021	1,000,000	10,000
Issue of shares under share award scheme ( <i>note a</i> )	500	5
Issue of shares under placing ( <i>note b</i> )	50,000	500
	<hr/>	<hr/>
At 31 March 2022	<u>1,050,500</u>	<u>10,505</u>

### Notes:

- (a) On 20 April 2021, the Company has granted an award of 500,000 Shares to Mr. Wang Yanghao (“**Mr. Wang**”), a senior management of the Company, under the share award scheme of the Company (the “**Share Award Scheme**”) and 500,000 new Shares were issued and allotted to the trustee under the Share Award Scheme accordingly.
- (b) On 11 August 2021, the Company entered into a placing agreement with an independent placing agent for the placement of 50,000,000 new Shares at the placing price of HK\$0.57 per placing share which was completed on 19 August 2021.

## 16. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

### (a) Share Option Scheme

On 20 April 2021, the Company granted share options (the “**Options**”) under the share option scheme of the Company (the “**Share Option Scheme**”) to Mr. Wang, being a senior management of the Company, to subscribe for a total of 3,000,000 Shares as disclosed in the announcement of the Company dated 20 April 2021. The 3,000,000 Options granted to Mr. Wang are exercisable from the respective dates set out below until 20 April 2028 (the “**Option Period**”) at the subscription price of HK\$0.54 per Share, which is equivalent to the closing price of the Shares on the date immediately before the date of grant:

- (i) as to 900,000 Options, exercisable at any time commencing from the date falling between the first anniversary of the date of grant up to and including the last day of the Option Period;
- (ii) as to 900,000 Options, exercisable at any time commencing from the date falling between the second anniversary of the date of grant up to and including the last day of the Option Period; and
- (iii) as to 1,200,000 Options, exercisable at any time commencing from the date falling on the third anniversary of the date of grant up to and including the last day of the Option Period.

The exercise price of HK\$0.54 per Share was determined in accordance with the scheme rules of the Share Option Scheme, being the highest of:

- (i) the closing price of HK\$0.54 per Share as quoted in the Stock Exchange's daily quotation sheet on the date of grant;
- (ii) the average closing price of HK\$0.536 per Share as quoted in the Stock Exchange's daily quotation sheet for the five (5) business days immediately preceding the date of grant; and
- (iii) the nominal value of HK\$0.01 per Share.

As at 31 March 2022, all of the said 3,000,000 Options are not yet exercisable and have not been exercised. Other than disclosed above, there were no Options granted, exercised, cancelled or lapsed under the Share Option Scheme during the year.

The fair value on the date of grant is estimated using a binomial pricing model, taking into account the terms and conditions upon which the Options were granted. The contractual life of the Options granted is 7 years. There is no cash settlement of the Options. The fair value of Options granted during the year ended 31 March 2022 was estimated on the date of grant using the following assumptions:

Dividend yield:	3.03%
Expected volatility:	70%
Risk-free interest rate:	0.86%

The fair value of the Options granted during the year ended 31 March 2022 was HK\$808,000. For the year ended 31 March 2022, the Company has recognised approximately HK\$426,000 of equity-settled share-based payment expenses in respect of the Options in the consolidated statement of profit or loss and other comprehensive income.

**(b) Share Award Scheme**

The Share Award Scheme was adopted by the Company on 3 February 2021. The purpose of the Share Award Scheme is to recognise the contributions by certain employees and persons to the Group, to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

On 20 April 2021, the Company has granted an award of 500,000 Shares (the "Awarded Shares") to Mr. Wang under the Share Award Scheme. Subject to the lock-up condition as set out below and the scheme rules of the Share Award Scheme, the Awarded Shares shall vest in Mr. Wang and Mr. Wang shall have the right to receive the Awarded Shares in accordance with the following vesting schedule:

- (i) as to 150,000 Awarded Shares, representing 30% of the Awarded Shares, on the first anniversary of the date of grant;
- (ii) as to 150,000 Awarded Shares, representing 30% of the Awarded Shares, on the second anniversary of the date of grant; and
- (iii) as to 200,000 Awarded Shares, representing 40% of the Awarded Shares, on the third anniversary of the date of grant.

The vested Awarded Shares (and the vesting of the remaining Awarded Shares) are subject to the condition that Mr. Wang will not dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the relevant vested Awarded Shares during a period of six (6) months commencing on the vesting date of the relevant Awarded Shares.

On 7 May 2021, the 500,000 new Shares were issued and allotted to the trustee under the Share Award Scheme at nominal value under the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 7 August 2020.

For the year ended 31 March 2022, the Company has recognised approximately HK\$144,000 of equity-settled share-based payment expenses in respect of the Awarded Shares in consolidated statement of profit or loss and other comprehensive income.

## 17. CAPITAL COMMITMENT

At the end of the reporting period, the Group had the following contracted for but not provided other commitment:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Capital contribution to financial assets at FVTOCI	–	2,368
Capital expenditure on IT+OT product development	<u>6,624</u>	<u>–</u>
	<u><u>6,624</u></u>	<u><u>2,368</u></u>

*Note:* In March 2022, Beijing National Greenfield Technology Co. Limited\* (北京能興國雲信息科技有限公司) (“**Beijing National Greenfield**”) has entered into a contract in relation to IT+OT product development project in the sum of approximately HK\$11,040,000 of which approximately HK\$4,416,000 has been prepaid and recognised as “Prepayments” under non-current assets of the consolidated statement of financial position. Up to the date of this announcement, the remaining balance of approximately HK\$6,624,000 has not yet been paid.

\* *English name for identification purposes only*

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

During the outbreak of the Omicron variant, the Hong Kong economy was hit hard by the fifth wave of outbreak of the virus, resulting in a 4.0% fall in GDP in the first quarter of 2022. Overall vacancy rate for Hong Kong's commercial property market went up to a decade-high of 10.9%, thereby greatly reduced the demand for installing and upgrading smart office systems, audiovisual equipment and related services.

At the same time, weak business sentiment and sluggish retail consumption meant that many trade and commercial activities were put on hold or delayed. The postponement and cancellation of onsite business conferences, closure of shopping centers, and suspension of public events all seriously reduced demand for digital display equipment and related products.

In January 2022, the State Council of the PRC unveiled the first five-year plan on the digital economy of the PRC, highlighting the sector's role in reshaping the global economic structure and international competition, and rolling out targets for its development through 2025. We anticipate that the demand for digital transformation and cloud-based data security services will continue to post dramatic growth.

### BUSINESS REVIEW

During the year under review (the “**Reviewing Year**”), the Group maintained its market position as one of Hong Kong's leading service providers of VCMA solutions. The Group's revenue is primarily derived from the provision of (i) VCMA solution and maintenance services; and (ii) cloud-based IT+OT managed services.

#### **Provision of VCMA solution and maintenance services**

The outbreak of COVID-19 pandemic since early 2020 had adversely affected the global business environment, leading to weak business sentiment, restricted cross-border and international travel, and high vacancy rates of Grade A office. Our VCMA business continued to experience reducing demand for installing and upgrading smart office systems, audiovisual equipment and related services. Moreover, the recovery of VCMA business originally occurred during the first three quarters for the Reviewing Year has inevitably slowed down under the spread of the Omicron variant of COVID-19 in the first quarter of 2022.

#### **Provision of cloud-based IT+OT managed services**

Since our expansion into the ubiquitous internet of things (“**IoT**”), where IT+OT converges, in early 2021, Beijing National Greenfield focuses on inter alia, IoT cloud services, cyber security operation centre products and services, and digital transformation consulting services and targets at major multi-national and local enterprises in the PRC and provide our customers a full range of cloud-based services – from Software as a Service (SaaS), AIoT operation, self-developed data security operation center products and services through to IDC digital management products and services.

In June 2021, Beijing National Greenfield entered into a 5-year OEM agreement (the “**Agreement**”) with Micro Focus Singapore entity for its ArcSight product in the PRC. Micro Focus is a world leading enterprise software company. Pursuant to the Agreement, Beijing National Greenfield not only has OEM authorization (the “**OEM Authorization**”) to offer ArcSight, a “safe operation service”, under its own brand, it also obtained authorization to be Micro Focus’s cloud management service provider in the PRC. ArcSight is a cyber-security product which provides big data security analytics and intelligence software for Security Information and Event Management (“**SIEM**”), and log management. According to the OEM Authorization, Beijing National Greenfield is authorized to build its Security Operation Centers (SOC) product and intellectual property based on ArcSight product.

In September 2021, Beijing National Greenfield has successfully secured the intellectual property rights of two security solutions, namely InterSight Logger and InterSight Enterprise Security Manager (“**ESM**”) in the PRC. InterSight Logger supports a comprehensive log management solution, which facilitates compliance enforcement, transaction log search and data storage security. InterSight Logger eases compliance workload and expedite tracking efficiency while InterSight ESM is a powerful, open and intelligent SIEM solution which supports real-time threat detection and response. These two products are designed to address the high demand emerged from the PRC corporate market.

To further strengthen the co-operation with Micro Focus, Beijing National Greenfield entered into an OEM Addendum (the “**OEM Addendum**”) based on the Agreement with Micro Focus Singapore entity in February 2022 for its Fortify product in the PRC. Pursuant to the OEM Addendum, Beijing National Greenfield was further granted the OEM authorization to offer Fortify, an “application security testing product” that enables development teams and security experts to analyze source code, detect security vulnerabilities, and assist developers to identify, prioritize, and resolve risks more quickly and easily.

During the Reviewing Year, the Group continued to expand into cloud-based IT+OT managed services business in the PRC. Beijing National Greenfield achieved a remarkable growth in revenue and recorded its first profit. With the enhanced co-operation with Mirco Focus and allocation of more resources on research and development, our cloud-based IT+OT managed services business is expected to continue to be a key revenue driver for the Group in the coming few years.

## FINANCIAL REVIEW

### Segment analysis

	Year ended 31 March 2022		Year ended 31 March 2021	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
<b>Provision of VCMA solution and maintenance services:</b>				
– VCMA solution services	124,259	72.5	123,083	84.7
– VCMA maintenance services	20,848	12.1	18,777	12.9
<b>Provision of cloud-based IT+OT managed services:</b>				
– AIoT operation and other services	14,843	8.7	2,870	2.0
– Security services	11,498	6.7	650	0.4
Total	<u>171,448</u>	<u>100.0</u>	<u>145,380</u>	<u>100.0</u>

### Revenue

The Group's revenue increased by approximately 17.9% from approximately HK\$145,380,000 for the year ended 31 March 2021 to approximately HK\$171,448,000 for the year ended 31 March 2022.

Revenue generated from VCMA solution services increased by approximately 1.0% from approximately HK\$123,083,000 for the year ended 31 March 2021 to approximately HK\$124,259,000 for the year ended 31 March 2022, which was mainly attributable to increase in projects completed during the first three quarters of the Reviewing Year but partially offset by postponed projects and orders under the fifth wave of local epidemic in the first quarter of 2022.

Revenue generated from VCMA maintenance services increased by approximately 11.0% from approximately HK\$18,777,000 for the year ended 31 March 2021 to approximately HK\$20,848,000 for the year ended 31 March 2022, which was primarily attributable to the increase in total maintenance projects, customers preferred renewal of maintenance service over investing on new digital display equipment and related products.

Revenue generated from AIoT operation and other services and security services increased by approximately 5.2 times and 17.7 times from approximately HK\$2,870,000 and approximately HK\$650,000 for the year ended 31 March 2021 to approximately HK\$14,843,000 and approximately HK\$11,498,000 for the year ended 31 March 2022 respectively, which was attributable to the projects completed during the year ended 31 March 2022 being more sizable and the obtaining of the OEM authorization of ArcSight product in June 2021.

## **Gross operating profit and gross operating profit margin**

Gross operating profit is calculated based on the revenue for the year minus the cost of sales for the year. Gross operating profit margin is calculated based on the gross operating profit for the year divided by the revenue for the year and multiplied by 100%.

Gross operating profit increased by approximately 7.1% from approximately HK\$56,823,000 for the year ended 31 March 2021 to approximately HK\$60,864,000 for the year ended 31 March 2022 which was primarily attributable to increase in revenue from cloud-based IT+OT managed services for the year.

The gross operating profit margin slightly decreased to approximately 35.5% for the year ended 31 March 2022 (2021: 39.1%) mainly due to increase in proportion of revenue from cloud-based IT+OT managed services with lower gross operating profit margin than VCMA business as a whole.

## **Staff cost**

Staff cost increased by approximately 11.3% from approximately HK\$35,207,000 for the year ended 31 March 2021 to approximately HK\$39,201,000 for the year ended 31 March 2022 mainly due to increase in headcount of cloud-based IT+OT managed services business to support its rapid growth during the Reviewing Year.

## **Depreciation**

Depreciation expenses remained stable at approximately HK\$3,037,000 for the year ended 31 March 2022 (2021: HK\$3,282,000).

## **Other operating expenses**

Other operating expenses increased by approximately 42.7% from approximately HK\$6,922,000 for the year ended 31 March 2021 to approximately HK\$9,880,000 for the year ended 31 March 2022 mainly due to expansion of our cloud-based IT+OT managed services business, increase in legal and professional fees and incurrence of placing commission for placing of new Shares.

## **Finance costs**

Finance costs decreased by approximately 36.3% from approximately HK\$582,000 for the year ended 31 March 2021 to approximately HK\$371,000 for the year ended 31 March 2022 as the general interest rate had decreased during the Reviewing Year.

## **Income tax expenses**

Income tax expenses increased slightly from approximately HK\$1,943,000 for the year ended 31 March 2021 to approximately HK\$2,021,000 for the year ended 31 March 2022, which was mainly due to increase in taxable profit in the PRC during the Reviewing Year.

## **Profit for the year**

Profit for the year decreased from approximately HK\$12,724,000 for the year ended 31 March 2021 to approximately HK\$6,685,000 for the year ended 31 March 2022, which was mainly due to the absence of non-recurring government subsidies from the Employment Support Scheme (2021: approximately HK\$3,447,000), increase in legal and professional fees and incurrence of placing commission for placing of new Shares.

## **PROSPECT**

Looking ahead, the Group will continue to maintain and strengthen its position as one of Hong Kong's leading VCMA solution providers and expand our market share in the PRC's VCMA solution industry, for example in the Greater Bay Area. As Hong Kong's economy gradually recovers with the macro-economy rebounding and growing numbers of residents being vaccinated, we expect that demand for VCMA solution services will increase gradually. In the near future, we believe more companies will urgently seek to transform their operations with smart devices and cloud-based technologies both in Hong Kong and across Asia. Given our market-leading position in Hong Kong, this will create substantial business opportunities for the Group to provide integrated one-stop VCMA solutions as well as cloud-based IT+OT managed services.

In terms of cloud-based IT+OT managed services, Beijing National Greenfield not only recorded a remarkable growth during the Reviewing Year but also extended the OEM authorization with Micro Focus from ArcSight product to Fortify product. Beijing National Greenfield will continue to strengthen its co-operation with Micro Focus and focus on the areas of AIoT operation and other services and security services in order to meet our customers' demand on desired products, solutions and services in the PRC.

Through integration of security, IoT and other technologies, Beijing National Greenfield has achieved a new breakthrough in product, solution and service capability. In May 2022, Beijing National Greenfield has substantially completed its first product development project, "Next Generation Intelligent Operation and Management Platform" (the "**Platform**") which is an integrated operation and management platform based on IoT, big data, security and other technologies, providing end-to-end operation and management support from OT to IT for our customers' buildings, parks and cities.

The Platform consists of multi-functional modules, including power monitoring system, operational environment monitoring system, real-time energy consumption management system, alert and early warning system, emergence smart decision support system, IT operation management system, security operation center system, asset management system, digitalized command center system and etc. The Platform adopts unified data architecture to attain a high level of integration and completeness, while maintaining the flexibility of loose coupling. With high level of integration and flexible combination of functional modules, the Platform is able to offer the most compatible solution and product portfolio according to different requirements of diversified scenarios and customers.

The Platform is designed to be easily adapted in a variety of customers and scenarios, such as IDC smart management, smart building management, smart park management, smart city management and etc. By offering the integration of the end-to-end management and analysis capability, and also the ability of whole lifecycle management, the Platform empowers customers to optimize the management process, improve the operational efficiency, enhance the management level of energy consumption, and save overall operational costs. Beijing National Greenfield has also submitted twelve intellectual property applications in relation to the Platform in the PRC in June 2022.

The release of the Platform will further enhance the capability of provision of cloud-based IT+OT managed services and the possibility of business development of Beijing National Greenfield.

The Group expects that cloud-based IT+OT managed services will continue to be the key revenue contributor of the Group due to surging demand for data security and one-stop smart IDC and IT services. Our cloud-based IT+OT managed services will include AIoT operation, Security Operation Centers (SOC), focusing on security services, and digital operations business which mainly comprises smart IDC and IT services, and operations management.

With our extensive experience in VCMA solutions, increasing demand of the public cloud services market, and strong management team leading our cloud-based IT+OT managed services business, we believe that the Group will be able to achieve rapid growth in the coming years.

We will adopt a prudent yet proactive development strategy and continue to identify potential investment opportunities, seizing every opportunity to build sustainable success, and delivering satisfactory long-term returns to our shareholders.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group's operations and investments were financed principally by cash generated from its own business operations and bank borrowings. As at 31 March 2022, the Group had net current assets of approximately HK\$79,908,000 (2021: HK\$60,076,000) and cash and cash equivalents of approximately HK\$71,034,000 (2021: HK\$68,692,000). Current liabilities of the Group as at 31 March 2022 included carrying amount of approximately HK\$18,431,000 (2021: HK\$4,936,000) in bank borrowings that were not repayable within one year from the end of reporting period but contained a repayment on demand clause.

## **GEARING RATIO**

As at 31 March 2022, the gearing ratio (calculated on the basis of total debt divided by total assets) of the Group was approximately 9.2% (2021: 12.7%).

## **FOREIGN CURRENCY RISK**

The majority of the Group's business transactions are in Hong Kong and are denominated in Hong Kong dollars. The Group currently does not have a foreign currency hedging policy. However, the Directors will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

## **CAPITAL COMMITMENT**

Details of capital commitments are set out in note 17 to the consolidated financial statements in this announcement.

## **CAPITAL STRUCTURE**

The Shares were listed on the Stock Exchange since 18 December 2019.

On 7 May 2021, a total of 500,000 new Shares were issued under the Share Award Scheme at nominal value under the general mandate. Details are set out in note 16 to the consolidated financial statements in this announcement.

On 19 August 2021, the Company has completed a placing of 50,000,000 new Shares under the general mandate. Details of the placing are set out in the section headed “Placing of New Shares under General Mandate”.

The capital structure of the Group consists of net debt, which includes bank borrowings, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital and reserves. The Directors review the Group’s capital structure regularly. As part of this review, the Directors have considered 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 issue of new debts or convertible securities or through repayment of borrowings.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the section headed “Placing of New Shares under General Mandate” and details of capital commitments set out in note 17 to the consolidated financial statements in this announcement, the Group did not have any plans for material investments or capital assets as of 31 March 2022.

## **CHARGE ON THE GROUP’S ASSETS**

As at 31 March 2022, land and buildings of approximately HK\$80,155,000 (2021: HK\$82,786,000) were pledged to secure banking facilities granted to the Group.

## **CONTINGENT LIABILITIES**

The Group has no material contingent liabilities as at 31 March 2022 (2021: nil).

## **COMPLIANCE WITH LAWS AND REGULATIONS**

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licenses. The Group has set up a system and allocated resources to ensure ongoing compliance with rules and regulations. During the Reviewing Year, the Group has complied, to the best of the Directors' knowledge, with the Securities and Futures Ordinance, the Listing Rules, the applicable employment laws both in the PRC and Hong Kong, the local standards and regulations for the Group's project works as well as other relevant rules and regulations.

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

## **ENVIRONMENTAL POLICY**

The Group is committed to maintaining itself as an environmental-friendly corporation by minimizing environmental impact with electricity saving and resources recycling. During the Reviewing Year, to the best of the Directors' knowledge, the Group had not experienced any material environmental incidents arising from its operation. During the Reviewing Year, no material administrative sanctions or penalties were imposed upon the Group's operation for the violation of environmental laws or regulations which had an adverse impact on its operation.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

During the year ended 31 March 2022, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2022, the Group employed 85 (2021: 71) full-time employees. The remuneration policy of the Group to reward its employees and executives is based on their performance, qualifications, working experience, competence displayed with reference to selected comparable market remuneration data.

## PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 11 August 2021, the Company entered into a placing agreement with an independent placing agent whereby the Company conditionally agreed to place, through the placing agent, on a best effort basis, up to 50,000,000 new Shares to not less than six independent placees at the placing price of HK\$0.57 per placing share (the “**Placing**”).

The completion of the Placing took place on 19 August 2021. A total of 50,000,000 new Shares have been issued under general mandate and allotted to not less than six placees at the placing price of HK\$0.57 per placing share and gross proceeds of HK\$28,500,000 was raised through the Placing.

The net proceeds from the Placing, after deduction of the placing commission and other costs and expenses relating to the Placing, amounted to approximately HK\$27,530,000 (the “**Net Proceeds**”).

On 30 December 2021, the Board has resolved to change the intended use of the unutilized Net Proceeds and updated timeline for utilization of the Net Proceeds for more efficient use of the Group’s financial resources.

As disclosed in the announcement of the Company dated 14 April 2022, the Board has further resolved to extend timeline for utilisation of the Net Proceeds intended to be used for the development of IT+OT business in the PRC to on or before 31 March 2023 in light of the continuing uncertainty brought about by the COVID-19 pandemic.

The following table sets forth the use of the Net Proceeds:

	Planned use of Net Proceeds as stated in the announcement dated 11 August 2021 (HK\$' million)	Revised use of Net Proceeds as stated in the announcement dated 30 December 2021 (HK\$' million)	Actual use of Net Proceeds up to 31 March 2022 (HK\$' million)	Amount of remaining proceeds as at 31 March 2022 (HK\$' million)	Updated expected timeline for utilising the remaining proceeds
Enhancing the development of VCMA solution services business in the PRC	12.39	3.81	0.02	3.79	on or before 31 March 2023
Development of IT+OT business in the PRC	12.39	12.39	6.13	6.26	on or before 31 March 2023
Working capital and general corporate purposes	2.75	2.75	2.75	–	N/A
Payment of the capital commitment by the Group in Changzhou Guoyun	N/A	8.58	8.58	–	N/A
<b>Total</b>	<b>27.53</b>	<b>27.53</b>	<b>17.48</b>	<b>10.05</b>	

The unused Net Proceeds amounting to approximately HK\$10.05 million were deposited in licensed banks in Hong Kong.

Further details of the Placing were set out in the Company’s announcement dated 11 August 2021 and 19 August 2021.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the year ended 31 March 2022, none of the Company and its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group could help to balance the interest of the Shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix 14 of the Listing Rules to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner.

To the best knowledge of the Board, the Company has complied with the CG Code during the year ended 31 March 2022 and up to the date of this announcement.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Model Code**”) on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all Directors, was not aware of any non-compliance with the Model Code during the year ended 31 March 2022.

## **FINAL DIVIDEND**

The Directors have recommended the payment of a final dividend out of the share premium account under reserves of the Company of HK0.50 cents (2021: HK0.65 cents) per share to the Shareholders, subject to approval by the Shareholders at the AGM and compliance with the Companies Law of the Cayman Islands.

## **EVENT AFTER REPORTING PERIOD**

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2022 and up to the date of this announcement.

## **SCOPE OF WORK OF EXTERNAL AUDITOR**

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statements of changes in equity and the related notes thereto for the year ended 31 March 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited (“**SHINEWING**”), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2022. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by SHINEWING on the preliminary announcement.

## AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) on 11 May 2015, which operates under a terms of reference approved by the Board. It is the Board’s responsibility to ensure that an appropriate and effective risk management and internal control systems exist within the Group. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the initial establishment and the maintenance of risk management and internal control system and ethical standards for the Group’s management to the Audit Committee. The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 March 2022.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT AND THE AGM

The annual report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company on or before 31 July 2022. The Company will give further notice on the proposed date of the AGM and the book closure period for the purpose of ascertaining Shareholders’ eligibility to attend and vote at the AGM.

By Order of the Board  
**i-Control Holdings Limited**  
**Zhong Naixiong**  
*Chairman*

Hong Kong, 24 June 2022

*As at the date of this announcement, the executive Directors are Mr. Zhong Naixiong, Mr. Yau Wing Keung, Mr. Tong Sai Wong, Mr. Chan Wing Yiu and Mr. Chan Wing Lun; the non-executive Director is Dr. Wong King Keung and the independent non-executive Directors are Mr. Fong Chi, Mr. Lai Kai Ming Ricky and Mr. Lum Pak Sum.*