



i-CONTROL

i-Control Holdings Limited

超智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8355

2018

**ANNUAL
REPORT**

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*This report, for which the directors (the “**Directors**”) of i-Control Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhong Naixiong[^] (*Chairman*)
Mr. Yau Wing Keung[^]
Mr. Tong Sai Wong
Mr. Chan Wing Yiu
Mr. Chan Wing Lun

Non-Executive Directors

Dr. Wong King Keung
Mr. Lin Wing Ching[#]

Independent Non-Executive Directors

Dr. Chan Man Hung[#]
Mr. Fong Chi[^]
Mr. Fung Chan Man Alex[^]
Mr. Lai Hing Kwong Joseph[^]
Dr. Lai Wing Chueng[#]
Mr. Lum Pak Sum

COMPANY SECRETARY

Ms. Ng Tsz Wai, CPA

COMPLIANCE OFFICER

Mr. Chan Wing Yiu

BOARD COMMITTEES

Audit Committee

Mr. Lum Pak Sum (*Chairman*)
Dr. Chan Man Hung[#]
Mr. Fong Chi[^]
Mr. Lai Hing Kwong Joseph[^]
Dr. Lai Wing Chueng[#]

Nomination Committee

Mr. Fung Chan Man Alex[^] (*Chairman*)
Dr. Chan Man Hung[#]
Mr. Lai Hing Kwong Joseph[^]
Dr. Lai Wing Chueng[#]
Mr. Lum Pak Sum

Remuneration Committee

Mr. Fung Chan Man Alex[^] (*Chairman*)
Dr. Chan Man Hung[#]
Mr. Fong Chi[^]
Dr. Lai Wing Chueng[#]
Mr. Lum Pak Sum

AUTHORISED REPRESENTATIVES

Mr. Yau Wing Keung
Ms. Ng Tsz Wai

AUDITOR

SHINEWING (HK) CPA Limited
43/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

LEGAL ADVISER

Sidley Austin
39/F
Two International Finance Centre
Central
Hong Kong

COMPLIANCE ADVISER

Zhongtai International Capital Limited
19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

REGISTERED OFFICE

Estera Trust (Cayman) Limited
Clifton House, 75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units A&B, 12/F, MG Tower
133 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

[^] Appointed on 7 December 2017

[#] Resigned on 7 December 2017

CORPORATE INFORMATION

PRINCIPAL BANKER

The Hong Kong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House, 75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
22/F, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY'S WEBSITE

<http://www.i-controlholdings.com>

STOCK CODE

8355

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of i-Control Holdings Limited (the “**Company**”), I am pleased to present the audited annual results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2018.

RESULTS

The Group’s revenue for the year ended 31 March 2018 was approximately HK\$158.6 million (2017: HK\$138.1 million) representing an increase of 14.8% over the previous year which was attributable to the completion of a one-off sizable project. Profit for the year ended 31 March 2018 was approximately HK\$16.9 million (2017: HK\$19.2 million), representing a decrease of 12.0% as compared to the previous year.

BUSINESS OVERVIEW

As one of the leading service providers of video conferencing and multimedia audiovisual solutions, we continue to provide high quality services to secure our existing customers and explore opportunities to broaden our customer base. Our one-stop solutions services enhance the platform for communication and information sharing of different entities and locations, including banks, multinational and listed companies, convention and conference centers, educational institutions, shopping malls, banquet and entertainment venues, theme parks, social services and government bodies, religious assemblies, etc. In terms of hardware, large LED displays and video walls with customized size have played a significant role in our total solutions provided to our customers.

PROSPECT

In view of the fast-changing market environment and competition of the industry, we are committed to take the lead and equip ourselves with the latest technological knowledge. Meanwhile, we will better understand our customers’ needs and provide them with high standard of services in order to bolster our position as a leading solutions service provider as well as raise our brand recognition.

Furthermore, we will look for business opportunities to further expand the Group’s market share in the video conferencing and multimedia audiovisual solutions industry in the Peoples’ Republic of China (the “**PRC**”), in order to support the long-term development of the Group.

APPRECIATION

Finally, on behalf of the Board, I would like to express our sincere thanks to our customers, business partners, suppliers and shareholders of the Company (the “**Shareholders**”) for their continuous support, and our appreciation for the efforts and endeavors made by our management and staff during the past year.

Zhong Naixiong

Chairman

Hong Kong, 22 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year, the Group maintained its market position as one of the leading service providers of video conferencing and multimedia audiovisual solutions, mainly in Hong Kong, and other geographical locations such as the PRC and Macau. The Group's service can be divided into two lines, namely the provision of (i) solutions for audiovisual, conferencing, presentation and multimedia control systems, including installation services; and (ii) audiovisual system maintenance services.

The Group continues to maintain and strengthen its position as one of the leading service providers of video conferencing and multimedia audiovisual solutions in Hong Kong and to expand its market share in the video conferencing and multimedia audiovisual solutions industry in the PRC.

FINANCIAL REVIEW

Segment analysis

	Year ended 31 March 2018 HK\$'000	%	Year ended 31 March 2017 HK\$'000	%
Solutions for audiovisual, conferencing, presentation and multimedia control systems, including installation services	144,216	90.9	124,253	90.0
Audiovisual system maintenance services	14,393	9.1	13,860	10.0
Total	158,609	100.0	138,113	100.0

Revenue

The Group's revenue increased by 14.8% from approximately HK\$138,113,000 for the year ended 31 March 2017 to approximately HK\$158,609,000 for the year ended 31 March 2018.

Revenue generated from solutions for audiovisual, conferencing, presentation and multimedia control systems, including installation services increased by approximately 16.1% from approximately HK\$124,253,000 for the year ended 31 March 2017 to approximately HK\$144,216,000 for the year ended 31 March 2018, which was primarily attributable to the completion of a one-off sizable project during the year ended 31 March 2018.

Revenue generated from audiovisual system maintenance services increased by approximately 3.8% from approximately HK\$13,860,000 for the year ended 31 March 2017 to approximately HK\$14,393,000 for the year ended 31 March 2018, which was primarily attributable to the increase in total maintenance projects after the completion of related projects of solutions for audiovisual, conferencing, presentation and multimedia control systems, including installation services.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross operating margin and gross operating margin ratio

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

Gross operating margin increased by 2.2% from approximately HK\$61,102,000 for the year ended 31 March 2017 to approximately HK\$62,443,000 for the year ended 31 March 2018 which was mainly attributable to (i) increase in revenue; net off with the effect of (ii) completion of some projects with lower gross operating margin than the others.

The gross operating margin ratio decreased from approximately 44.2% for the year ended 31 March 2017 to approximately 39.4% for the year ended 31 March 2018 mainly due to the effect of completion of some projects with lower gross operating margin than the others.

Staff cost

Staff cost increased by 15.5% from approximately HK\$26,953,000 for the year ended 31 March 2017 to approximately HK\$31,128,000 for the year ended 31 March 2018 mainly due to (i) increase in sales commission resulting from increase in revenue and gross operating margin; (ii) increase in staff performance bonus with their sales target achieved; (iii) increase in Directors' discretionary bonus for the year ended 31 March 2018 compared with the year ended 31 March 2017; and (iv) general salary increment.

Depreciation

Depreciation expenses remained stable at approximately HK\$3,258,000 (2017:HK\$3,216,000) for the year ended 31 March 2018.

Other operating expenses

Other operating expenses slightly decreased by 2.8% from approximately HK\$7,205,000 for the year ended 31 March 2017 to approximately HK\$7,005,000 for the year ended 31 March 2018 mainly due to decrease in carriage cost during the year ended 31 March 2018.

Income tax expenses

Income tax expenses decreased from approximately HK\$4,266,000 for the year ended 31 March 2017 to approximately HK\$3,682,000 for the year ended 31 March 2018, which was mainly due to decrease in taxable profit for the year.

Profit for the year

Profit for the year decreased from approximately HK\$19,206,000 for the year ended 31 March 2017 to approximately HK\$16,909,000 for the year ended 31 March 2018, which was mainly due to (i) increase in staff cost; partially offset by (ii) increase in revenue and gross operating margin; and (iii) decrease in income tax expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

DIVIDEND

The Board has proposed a payment of final dividend of HK0.8 cents per share for the year ended 31 March 2018, amounting to HK\$8,000,000 in total (2017: HK1.0 cents per share, amounting to HK\$10,000,000 in total).

The proposed final dividend will be payable to Shareholders whose name appear on the register of members of the Company on 17 August 2018, and are expected to be paid on or about 12 September 2018. There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its own business operations, bank borrowings and proceeds from issue of shares. As at 31 March 2018, the Group had net current assets of approximately HK\$41,936,000 (2017: HK\$31,506,000) and cash and cash equivalents of approximately HK\$64,463,000 as at 31 March 2018 (2017: HK\$54,052,000). Current liabilities of the Group included carrying amount of approximately HK\$35,259,000 (2017: HK\$39,680,000) in bank borrowings that were not repayable within one year from the end of reporting period but which contain a repayment on demand clause.

GEARING RATIO

As at 31 March 2018, the gearing ratio (calculated on the basis of total debt divided by total assets) of the Group was approximately 19.5% (2017: 23.2%).

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENT

As at 31 March 2018, the Group did not have material capital commitments (2017: nil).

CAPITAL STRUCTURE

The Company's shares ("Shares") were successfully listed on GEM on 27 May 2015 (the "Listing"). There has been no change in the Company's capital structure since the date of Listing.

The capital structure of the Group consists of bank borrowings and equity attributable to the owners of the Company, comprising issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as 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 prospectus of the Company dated 14 May 2015 (the "Prospectus") and in this annual report, the Group did not have other plans for material investments or capital assets as of 31 March 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2018, land and buildings and an investment property totalling approximately HK\$81,488,000 and HK\$9,192,000 (2017: HK\$83,896,000 and HK\$9,414,000) respectively were pledged to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 31 March 2018 and 31 March 2017.

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 been setting up system and allocating resources to ensure ongoing compliance with rules and regulations. During the year, the Group has complied, to the best of our knowledge, with the Securities and Futures Ordinance (the "SFO"), the GEM Listing Rules, the applicable employment ordinance both in the PRC and Hong Kong, the local standards and regulations for our project works as well as other relevant rules and regulations.

During the year ended 31 March 2018, the Group was not aware of any non-compliance with any relevant laws and regulations that has a significant impact on it.

ENVIRONMENTAL POLICY

Our Group is committed to maintain as an environmental-friendly corporation by minimizing environmental impact with electricity saving and resources recycling. During the year, to the best of the Directors' knowledge, the Group had not experienced any material environmental incidents arising from its operation. During the 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.

Please refer to the Environmental, Social and Governance Report in this annual report.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 March 2018, the Group had no material acquisitions and disposals.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group employed 68 (2017: 73) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing to 31 March 2018 (the "Period") is set out below:

Business objectives for the Period	Actual business progress for the Period
To recruit approximately five senior and experienced sales staff to expand our video conferencing and multimedia audiovisual solution business in Hong Kong	A new sales team has been established in late 2016. The Group is continuing its search for suitable senior experienced sales staff to expand the Group's business.
To acquire a warehouse in Hong Kong	New premises were acquired in Kowloon Bay by the Group in August 2015 and the Group is now using the new premises as warehouse and service center.
To set up new regional office with showrooms and recruit approximately 15 new staff in Beijing, Shanghai and Singapore	New office with showroom had been set up in Shanghai in July 2015.
To carry out marketing and promotion activities on both traditional and new media platforms to improve public awareness of our Group and further strengthen our position in Hong Kong, the PRC and Singapore	The Group is continuing to carry out marketing and promotion activities such as exhibition and seminars to introduce new products to potential customers.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The net proceeds from the Company's issue of 250,000,000 new shares at the placing price of HK\$0.36 per share at the time of the Listing (the "Placing"), after deducting the underwriting fees and other expenses, amounted to approximately HK\$66.3 million. On 30 March 2017, the Board resolved to implement a partial reallocation and change in use of net proceeds from the Placing to enhance the effectiveness of the Group's business operation.

The following table sets forth the status of the use of proceeds from the Placing:

	Planned use of proceeds as stated in the Prospectus HK\$' million	Change in use of proceeds		Planned use of proceeds subsequent to the change HK\$' million	Actual use of proceeds during the Period HK\$' million
		resolved on 30 March 2017	HK\$' million		
To recruit experienced sales staff to expand the video conferencing and multimedia audiovisual solution business in Hong Kong	11.5	4.4	15.9	9.7	
To acquire a new warehouse in Hong Kong	32.7	5.0	37.7	37.7	
To set up new regional offices with showrooms in Beijing, Shanghai and Singapore	13.7	(11.4)	2.3	2.2	
To carry out marketing and promotion activities on both traditional and new media platforms to improve public awareness of the Group and further strengthen its position in Hong Kong, the PRC and Singapore	2.4	–	2.4	2.0	
To upgrade the computer system and other office facilities	–	2.0	2.0	0.3	
For working capital and other general corporate purposes	6.0	–	6.0	6.0	
TOTAL	66.3	–	66.3	57.9	

The unused net proceeds from the Placing amounting to approximately HK\$8.4 million were deposited in licensed banks in Hong Kong.

The Directors will constantly evaluate the Group's business objectives and may change or modify the Group's plans against the changing market condition to attain sustainable business growth of the Group. In the event that the Directors consider it necessary to further change the use of net proceeds from the Placing, the Company will make an appropriate announcement in accordance with the relevant provisions of the GEM Listing Rules.

For further details, please refer to the Company's announcement dated 30 March 2017.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhong Naixiong (鍾乃雄) (“**Mr. Zhong**”), aged 54, was appointed as an executive Director and designated as the chairman (the “**Chairman**”) of the Board on 7 December 2017. Currently, he is in charge of managing the overall business development and strategic planning of the Group.

Mr. Zhong is an experienced investor in various businesses in both Hong Kong and the 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 has served as the chief executive officer at Guangdong Puxun Industry Investment Company Limited since 2006 and as the chief executive officer at Foshan Xingpu Investment Company Limited since 2008.

Since 2011, Mr. Zhong has served 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 activities, trading and procurement services and investment holding. He has served as 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) since 2016. Mr. Zhong also served as an executive director and the chairman of the board of SMI Culture & Travel Group Holdings Limited (stock code: 2366) from November 2016 to July 2017.

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 (游永強) (“**Mr. Yau**”), aged 58, was appointed as an executive Director on 7 December 2017. He is responsible for overall financial management and business planning of the Group.

Mr. Yau has over 30 years of working experience in investment banking and financial management across Asia Pacific Region. He held key positions at various leading financial institutions and top investment banks including Citibank N.A., Morgan Stanley Asia Limited, China International Capital Corporation Limited and Credit Suisse Group AG in Hong Kong, Australia, Shanghai and Beijing.

He has been serving as principal at Cheetah Advisors Limited, an investment advisory company licensed by the Securities and Futures Commission of Hong Kong, since 2005.

Before founding his own business, Mr. Yau was an investment director of HSBC NF Investment Advisers Limited (now known as InfraRed NF Investment Advisers Limited), responsible for deal originating, structuring, deal closing and post investment monitoring from 2007 to 2008. He founded Swiss Asia Investment Management (HK) Limited, a private investment holding and management company, in 2009 and has been serving as the managing director since then.

Mr. Yau obtained a bachelor’s degree of social sciences from the University of Hong Kong in 1983.

* English names for identification purposes only

DIRECTORS AND SENIOR MANAGEMENT

Mr. Tong Sai Wong (唐世煌) (“**Mr. Tong**”), aged 67, is one of the founders of the Group and was appointed as a Director on 21 August 2014 and designated as an executive Director on 11 May 2015. He also served as the chairman of the Board from 11 May 2015 to 7 December 2017. Currently, he is in charge of devising the business strategies and managing the development of the Group’s audiovisual business.

Mr. Tong founded the Group together with Dr. Wong King Keung and Mr. Chan Wing Yiu in February 1987. Prior to founding the Group, in the mid-1970s, Mr. Tong worked in 3M Hong Kong Limited (3M香港有限公司), previously known as 3M Far East Limited (3M遠東有限公司). He was awarded the Sales Representative of the Month in December 1974 and Salesman of the Year in 1975 in the Target 40 Program in July 1975, where he was engaged in the promotion of visual products in the government and educational markets. Mr. Tong then joined Filmo of Hutchison Group in 1976 as Manager of Audio Visual Division. In 1979, he set up Edutec International Ltd with Mr. Chan Wing Yiu and others and served as executive director to develop audiovisual business. Mr. Tong has over 40 years of experience in the audiovisual industry.

Mr. Tong is also involved in the public service sector. Currently, Mr. Tong is one of the Governors and a member of the Executive Committee of Charles K. Kao Foundation for Alzheimer’s Disease Limited, a tax-exempted charity incorporated in April 2010. He was appointed as a permanent honorary president of Hong Kong Pui Ching Alumni Association in 2008.

Mr. Tong graduated from Pui Ching Middle School in 1969. He passed the Chinese University of Hong Kong Matriculation Examination in July 1969 and was qualified for the admission. However, due to personal reason, Mr. Tong did not pursue tertiary education and decided to develop his own career.

Mr. Chan Wing Yiu (陳詠耀) (“**Mr. WY Chan**”), aged 67, is one of the founders of the Group and was appointed as a Director on 21 August 2014 and designated as an executive Director on 11 May 2015. He is also the compliance officer of the Company. He founded the Group together with Dr. Wong King Keung and Mr. Tong in February 1987. Mr. WY Chan is responsible for the Group’s financial management. Mr. WY Chan has approximately 40 years of experience in the audiovisual industry.

Prior to setting up the Group, Mr. WY Chan had already gained expertise in the audiovisual field and management experience. In March 1976, Mr. WY Chan served as a chief accountant in Filmo (HK) Limited (菲林模(香港)有限公司). In August 1977, Mr. WY Chan was promoted to the position of finance controller and he reported to the chief executive and was responsible for all financial matters before he left the company in January 1978. In 1979, he set up Edutec International Ltd with Mr. Tong and others and served as executive director to develop audio visual business.

Mr. WY Chan served in Shenzhen GoodYear Enterprise Company Limited* (深圳嘉年實業股份有限公司) (previously known as Shenzhen GoodYear Printing & Packaging Company Limited* (深圳嘉年印刷包裝有限公司)) as a deputy general manager and a director from May 1993 to October 2000 and from July 1998 to April 2007 respectively. The company was mainly engaged in the production of printed materials.

* English names for identification purposes only

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan Wing Lun (陳永倫) (“Mr. WL Chan”), aged 43, was appointed as a Director on 21 August 2014 and designated as an executive Director on 11 May 2015. He is principally responsible for marketing, promoting business and approving purchase orders to suppliers. He also provides internal trainings to the Group’s sales staff in relation to, in particular, the characteristics of services of the Group and general marketing skills and techniques.

Mr. WL Chan joined the Group in May 1997 as a sales executive in Eduserve International Limited (“**Eduserve International**”), an indirect wholly-owned subsidiary of the Company and was then promoted to manager in April 2000. In April 2001, Mr. WL Chan was appointed as a director of i-Control Limited, an indirect wholly-owned subsidiary of the Company. Mr. WL Chan is responsible for managing the development of the Group’s audiovisual business and overseeing the Group’s general business operations. In 2001, Dr. Wong King Keung, Mr. WY Chan and Mr. Tong invited Mr. WL Chan to become a shareholder of i-Control Limited. Mr. WL Chan has over 20 years of experience in professional audiovisual system consultation and project management services. In particular, he specialises in digital signage solution and integration.

Mr. WL Chan obtained his bachelor of science in business administration (computer information system) in August 1995 from Hawaii Pacific University.

NON-EXECUTIVE DIRECTORS

Dr. Wong King Keung (黃景強) (“Dr. Wong”), aged 72, is one of the founders of the Group, and was appointed as Director on 21 August 2014 and designated as a non-executive Director on 11 May 2015. He founded the Group together with Mr. Tong and Mr. WY Chan in February 1987, and has extensive experience and knowledge of management. He is currently responsible for providing strategic advice to the Group.

Dr. Wong took up the vice chairman position of Shenzhen GoodYear Enterprise Company Limited* (深圳嘉年實業股份有限公司) (previously known as Shenzhen GoodYear Printing & Packaging Company Limited* (深圳嘉年印刷包裝有限公司)) from May 1993 to April 2007. Shenzhen GoodYear Enterprise Company Limited was mainly engaged in the production of printed materials.

Dr. Wong has gained extensive management experience from his involvement in the public service sector. He was a Committee Member of The National Committee of the Chinese People’s Political Consultative Conference from February 1998 to February 2018. He was appointed as the Hong Kong Affairs Adviser in April 1993. Dr. Wong was a board member of the Airport Authority from December 1995 to May 2005, as well as a member of the Airport Authority’s audit committee from 2002 to 2005 and the chairperson of the Airport Authority’s works committee from 2001 to 2005. He was also involved in the Town Planning Board, where he served as a member from April 1998 to March 2006, and held the vice chairman position of the Metro Planning Committee from April 2004 to March 2006 and the vice chairman position of the Town Planning Board from April 2006 to March 2008. In addition, Dr. Wong played an active role in the management of the Chinese Permanent Cemeteries by serving as a member of the finance committee and development committee of the board of management of the Chinese Permanent Cemeteries from February 2008 to January 2011, the chairperson of the works committee commencing from April 2010 and member of the board of management of the Chinese Permanent Cemeteries from February 2008 to January 2014.

* English names for identification purposes only

DIRECTORS AND SENIOR MANAGEMENT

Dr. Wong has also contributed to the tertiary education field. He was one of the founding members of the University of East Asia, Macau (the predecessor of the University of Macau), which was established in March 1981. Currently, Dr. Wong holds the following positions:

Institutions	Positions	Period of service
The Hong Kong Institute for Promotion of Chinese Culture	Vice Chairman of the Council	Present
Centennial College, a member of the University of Hong Kong Group	Member of the Board of Governors, February 2012 – Present Vice Chairman of College, Council and Foundation Committee member	
University Assembly, The University of Macau	Member	August 2009 – Present
The University of Hong Kong	Council Member	March 2013 – Present

Aside from work, Dr. Wong was appointed as the Justice of the Peace in June 2000, and was awarded the Bronze Bauhinia Star in July 2001 by the Hong Kong Government in recognition of his distinguished and devoted public service to Hong Kong.

Dr. Wong was admitted as a member and subsequently a fellow at the Hong Kong Institution of Engineers in April 1975 and December 1997, respectively. He obtained his bachelor of science in civil engineering in November 1968 and master of science in engineering in November 1970, both from the University of Hong Kong. He further obtained his doctorate degree in philosophy from the Queen's University in Canada in October 1972. Dr. Wong was conferred an honorary doctoral degree by the University of Macau in 2010 and honorary doctoral degree of business administration by City University of Macau in May 2016. In December 2015, Dr. Wong was also conferred an award of honorary fellowship by the HKU School of Professional and Continuing Education.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fong Chi (方志) (“Mr. Fong”), aged 33, is the Company’s independent non-executive Director. He was appointed as an independent non-executive Director on 7 December 2017. Mr. Fong has in total over 10 years of working experience in an international accounting firm and in corporate finance role of a Hong Kong technology company and a Hong Kong financial technology company, with extensive experience in financial reporting, auditing, mergers and acquisitions and initial public offerings.

Mr. Fong obtained a bachelor’s degree of business administration from the University of Hong Kong in 2006. Mr. Fong has become a member of the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) since 2010.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Fung Chan Man Alex (馮燦文) ("**Mr. Fung**"), aged 55, is the Company's independent non-executive Director. He was appointed as an independent non-executive Director on 7 December 2017. He has over 15 years of working experience in financial market and corporate finance activities in both Hong Kong and the PRC. Currently, Mr. Fung is the independent non-executive director of e-Kong Group Limited, Luxey International (Holdings) Limited and On Real International Holdings Limited, all of which are listed companies in Hong Kong.

Mr. Fung obtained a bachelor's degree of science in electrical and electronic engineering from the University of Bath in 1986 and subsequently a master's degree of business administration from Heriot-Watt University in 2000.

Mr. Lai Hing Kwong Joseph (黎慶光) ("**Mr. Lai**"), aged 61, is the Company's independent non-executive Director. He was appointed as an independent non-executive Director on 7 December 2017. He has over 35 years of working experience in corporate and merchant banking, corporate finance and direct investments.

Mr. Lai obtained a bachelor's degree in management studies and economics from the University of Hong Kong in 1981 and subsequently a master's degree of business administration from the University of Toronto in 1993.

Mr. Lum Pak Sum (林柏森) ("**Mr. Lum**"), aged 57, is the Company's independent non-executive Director. He was appointed as an independent non-executive Director on 11 May 2015. Mr. Lum has over 20 years' experience in the Hong Kong financial market. Mr. Lum has engaged in the securities and corporate finance business since July 1988 and September 2004 respectively. Currently, Mr. Lum is also an independent non-executive director of Great China Properties Holdings Limited, Beautiful China Holdings Company Limited, Yuhua Energy Holdings Limited, Anxian Yuan China Holdings Limited, Pearl Oriental Oil Limited, S. Culture International Holdings Limited and Kwan On Holdings Limited, all of which are listed companies in Hong Kong.

Mr. Lum obtained his master degree of business administration from The University of Warwick in July 1994 and his bachelor's degree of laws from The University of Wolverhampton in October 2002. He has become a fellow of the Hong Kong Society of Accountants (now known as the HKICPA) since June 1996 and is currently a non-practicing member of the HKICPA. Mr. Lum was admitted as an associate and a fellow of the Association of Chartered Certified Accountants (previously known as the Chartered Association of Certified Accountants) in September 1988 and September 1993 respectively.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Wong To Yan (黃道恩) (“**Mr. TY Wong**”), aged 40, joined the Group in March 2010 and has been the general manager of i-Control (China) Limited (“**i-Control (China)**”) and 愛港超(上海)信息科技有限公司 (“**i-Control (Shanghai)**”), both of which are wholly-owned subsidiaries of the Company. Mr. TY Wong is responsible for the business operations of i-Control (China) and i-Control (Shanghai). Mr. TY Wong has over 18 years of sales and business development experience in the information technology and audiovisual industry.

Prior to joining the Group, Mr. TY Wong had already gained extensive experience in the sales of consumer electronics and audiovisual products. He joined NEC Hong Kong Limited as a sales engineer in April 2002 and served as an assistant manager when he left the company in July 2007. He was the sales manager of Logitech Asia Pacific Limited from July 2007 to February 2010. Both companies specialize in information and communication technology.

Mr. TY Wong obtained his bachelor of engineering in mechanical engineering (environmental engineering) from the University of Hong Kong in November 2000. He also completed a diploma in China commercial law at the Adult Education Centre of Shenzhen University in July 2002.

Mr. Sin Hing Yu Brian (冼慶餘) (“**Mr. Sin**”), aged 43, has been the senior solution manager of i-Control Limited since April 2013. He is responsible for managing the commercial sales team. Mr. Sin joined the Group in January 1999 initially as a sales executive, and he has more than 19 years of experience in sales and business development in the audiovisual industry.

Mr. Sin obtained his bachelor of arts in international business administration in July 2005 from the University of Northumbria at Newcastle through distance learning.

Mr. Poon King Hang (潘景衡) (“**Mr. Poon**”), aged 42, is currently the head of business development department of the Group. Mr. Poon joined the Group as a sales engineer in July 1999 and has been promoted to manager of Eduserve International since April 2006. He is currently responsible for managing the overall business development of the Group. Mr. Poon was a Certified Technology Specialist awarded by the International Communications Industries Association, Inc (currently known as the InfoComm International), an ANSI (American National Standards Institute) Accredited Standards Developer, where the certification programme is accredited under the ANSI-/ISO/IEC 17024. Mr. Poon has more than 19 years of experience in sales and project management in the audiovisual industry.

Mr. Poon obtained his bachelor of science in electronics from The Open University of Hong Kong in June 2009.

CORPORATE GOVERNANCE REPORT

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 of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules to ensure that the Group’s business activities and decision making processes are regulated in a proper and prudent manner.

In accordance with the requirements of the GEM Listing Rules, the Company has established an audit committee, a nomination committee and a remuneration committee with specific written terms of reference.

During the year ended 31 March 2018, the Company has complied with the CG Code as set out in Appendix 15 to the GEM Listing Rules.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company, having made specific enquiry of all Directors, was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors during the year ended 31 March 2018.

BOARD OF DIRECTORS

Up to the date of this annual report, the Board comprises of ten Directors, including five executive Directors, namely Mr. Zhong Naixiong (Chairman), Mr. Yau Wing Keung, Mr. Tong Sai Wong, Mr. Chan Wing Yiu and Mr. Chan Wing Lun, one non-executive Director, namely Dr. Wong King Keung and four independent non-executive Directors, namely Mr. Fong Chi, Mr. Fung Chan Man Alex, Mr. Lai Hing Kwong Joseph and Mr. Lum Pak Sum.

The biographical details of all Directors are set out on pages 12 to 17 of this annual report. To the best knowledge of the Company, save as disclosed under the section headed “Directors and Senior Management”, there are no financial, business, family or other material or relevant relationships among members of the Board.

FUNCTIONS OF THE BOARD

The principal functions of the Board include:

- reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;
- approving major acquisitions or disposals, corporate or financial restructuring, issuance of the Shares and other equity or debt instruments, payment of dividends and other distribution to the Shareholders;
- assessing the risks faced by the Group and reviewing and implementing appropriate measures to manage such risks;
- selecting and evaluating the performance and compensation of key management executives;
- approving nominations to the Board;
- reviewing and endorsing the recommended framework of remuneration of the Board and key management executives by the Remuneration Committee; and
- assuming overall responsibility for corporate governance.

CORPORATE GOVERNANCE REPORT

According to the code provision C.1.2 of the CG Code, the management shall provide all members of the Board with monthly updates. During the year ended 31 March 2018, the executive Directors have provided and will continue to provide, to all non-executive Directors updates on any material changes to the positions and prospects of the Company, which is considered to be sufficient to provide general updates of the Company's performance, position and prospects to the Board and allow them to give a balanced and informed assessment of the same to serve the purpose required by the code provision C.1.2.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding office as the Directors and officers of the Company. The insurance coverage is reviewed on an annual basis by the Board.

BOARD MEETINGS AND BOARD PRACTICES

The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's articles of association ("Articles"). All minutes of the Board meetings contain sufficient detail on the matters considered by the Board and the decisions reached.

During the year ended 31 March 2018, six board meetings were held. The attendance records of each Director at the relevant meetings held during the year ended 31 March 2018 are as follows:

	Number of meetings attended/eligible to attend				Annual General Meeting
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
Executive Directors					
Mr. Zhong Naixiong [^]	1/1	N/A	N/A	N/A	0/0
Mr. Yau Wing Keung [^]	1/1	N/A	N/A	N/A	0/0
Mr. Tong Sai Wong	6/6	N/A	N/A	N/A	1/1
Mr. Chan Wing Yiu	5/6	N/A	N/A	N/A	1/1
Mr. Chan Wing Lun	5/6	N/A	N/A	N/A	1/1
Non-executive Directors					
Dr. Wong King Keung	6/6	N/A	N/A	N/A	1/1
Mr. Lin Wing Ching [#]	4/5	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Dr. Chan Man Hung [#]	4/5	3/3	2/2	2/2	0/1
Mr. Fong Chi [^]	1/1	1/1	0/0	N/A	0/0
Mr. Fung Chan Man Alex [^]	1/1	N/A	0/0	0/0	0/0
Mr. Lai Hing Kwong Joseph [^]	1/1	1/1	N/A	0/0	0/0
Dr. Lai Wing Chueng [#]	2/5	1/3	2/2	2/2	1/1
Mr. Lum Pak Sum	5/6	4/4	2/2	2/2	1/1

The current Articles provide that subject to the manner of retirement by rotation of directors as from time to time prescribed by the GEM Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subject to retirement by rotation at least once every three years.

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT

According to the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant.

During the year ended 31 March 2018, the Directors participated in the continuous professional developments in relation to regulatory update, the duties and responsibility of the Directors and the business of the Group in the following manner:

Directors	Type of continuous professional development programmes
Executive Directors	
Mr. Zhong Naixiong [^]	1&2
Mr. Yau Wing Keung [^]	1&2
Mr. Tong Sai Wong	1&2
Mr. Chan Wing Yiu	1&2
Mr. Chan Wing Lun	1&2
Non-executive Directors	
Dr. Wong King Keung	1&2
Mr. Lin Wing Ching [#]	2
Independent Non-executive Directors	
Dr. Chan Man Hung [#]	2
Mr. Fong Chi [^]	1&2
Mr. Fung Chan Man Alex [^]	1&2
Mr. Lai Hing Kwong Joseph [^]	1&2
Dr. Lai Wing Chueng [#]	2
Mr. Lum Pak Sum	1&2

Notes:

1. Attending seminar/courses for development of professional skills and knowledge.
2. Reading materials in relation to regular update to statutory requirements, listing rules and other relevant topics related to listed company.

[^] Appointed on 7 December 2017

[#] Resigned on 7 December 2017

CORPORATE GOVERNANCE REPORT

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has four independent non-executive Directors to comply with Rule 5.05 of the GEM Listing Rules. Furthermore, among the four independent non-executive Directors, Mr. Fong Chi and Mr. Lum Pak Sum have appropriate professional qualifications or accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules.

In accordance to Rule 5.09 of the GEM Listing Rules, the Company has received from each of its independent non-executive Directors the written confirmation of his independence. The Company, based on such confirmations, considers all of the independent non-executive Directors are independent.

NON EXECUTIVE DIRECTORS

Each of the non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company for a term less than two years expiring on 31 March 2019 and is renewable thereafter, subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In accordance with the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. Zhong Naixiong, the Chairman, is responsible for managing the Group's business development and devising the business strategies. The day-to-day operations of the Group are delegated to the other executive Directors and the relevant management responsible for different aspects of the business.

BOARD COMMITTEES

To assist the Board in its work, the Board is assisted by three board committees, namely the audit committee, the remuneration committee and the nomination committee, which are sufficiently resourced to fulfil their roles and their terms of reference have been approved by the Board and are available for review on the Company's website (www.i-controlholdings.com) and the GEM website (www.hkgem.com).

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 currently comprises three independent non-executive Directors, namely Mr. Lum Pak Sum, Mr. Fong Chi and Mr. Lai Hing Kwong Joseph. Mr. Lum Pak Sum is the chairman of the Audit Committee.

According to the current terms of reference, meetings of the Audit Committee shall be held at least two times a year.

Four Audit Committee meetings were held during the year ended 31 March 2018. The Audit Committee has reviewed the unaudited quarterly and interim results and the audited annual results of the Group.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Board has established a remuneration committee (the “**Remuneration Committee**”) on 11 May 2015, which operates under a terms of reference approved by the Board. The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Group’s key management executives. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions, the nature and amount of Directors’ and senior management’s emoluments, and the Company’s financial and operational performance, with the overall objective of ensuring maximum Shareholders’ benefit from the retention of a high quality board and executive team.

The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Fung Chan Man Alex, Mr. Fong Chi and Mr. Lum Pak Sum. Mr. Fung Chan Man Alex is the chairman of the Remuneration Committee.

Two Remuneration Committee meeting was held during the year ended 31 March 2018. The Remuneration Committee has reviewed the remuneration packages of all the Directors and senior management of the Company.

Remuneration Policy

The remuneration policy of the Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable.

Remuneration package typically comprises salary, commission, contribution to retirement benefit schemes and discretionary bonuses by reference to the profit of the relevant company.

The Remuneration Committee will review annually the remuneration of all Directors to ensure that it is attractive enough to attract and retain a competent team of executive members.

The Directors receive remuneration in the form of salaries, allowances, benefits in kind, discretionary bonuses, retirement scheme contributions and share-based payments made on their behalf.

The Director’s fee for each of the Directors is subject to the Board’s review from time to time in its discretion after taking into account the recommendation of the Remuneration Committee. The remuneration package of each of the Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within the Group. The Directors are entitled to statutory benefits as required by law from time to time such as retirement benefit.

Nomination Committee

The Board has established a nomination committee (the “**Nomination Committee**”) on 11 May 2015, which operates under a terms of reference approved by the Board. The Nomination Committee is responsible for making recommendations to the Board regarding candidates to fill vacancies in the Board, as well as the management of the Board succession. The Nomination Committee will, take into account various factors including, but not limited to, age spread of individual Directors and the Group’s business development progress, conduct annual reviews in relation to the composition of the Board. It will also make annual enquiries of the existing Directors as to the status of their individual retirement plans, if any. Should any of the Directors indicate a plan to retire, the Nomination Committee, with the assistance of the staff of the Group responsible for human resources, will start to identify potential candidates, whether within the Group or otherwise, with the appropriate background and expertise to join the Board.

The Nomination Committee currently comprises three independent non-executive Directors, namely Mr. Fung Chan Man Alex, Mr. Lai Hing Kwong Joseph and Mr. Lum Pak Sum. Mr. Fung Chan Man Alex is the chairman of the Nomination Committee.

Two Nomination Committee meeting was held during the year ended 31 March 2018.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Directors' and Auditor's Responsibilities for the consolidated financial statements

All Directors acknowledge their responsibility to prepare the Group's consolidated financial statements for each financial period to give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. When preparing the consolidated financial statements for the year ended 31 March 2018, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are fair and reasonable and has prepared the consolidated financial statements of the Group on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The statement of auditor about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report.

The Directors continue to adopt the going concern approach in preparing the consolidated financial statements and are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Auditor's Remuneration

During the year ended 31 March 2018, the remuneration paid or payable to the Company's auditor, SHINEWING (HK) CPA Limited, in respect of their audit and non-audit services was as follows:

	HK\$
Audit service	650,000
Non-audit service	95,000
	<hr/> <hr/> 745,000

RISK MANAGEMENT AND INTERNAL CONTROL

During the year, the Group has complied with Principle C.2 of the Corporate Governance Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis. Main features of the risk management and internal control systems are described in the sections below:

Risk Management System

The Group adopts a risk management system which manages the risks associated with its business and operations. The system comprises the following phases:

- *Identification:* Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- *Evaluation:* Analyze the likelihood and impact of the risks and evaluate the risk portfolio accordingly.
- *Management:* Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted during the year the ended 31 March 2018, no significant risk was identified.

CORPORATE GOVERNANCE REPORT

Internal Control System

The Company has in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The components of the framework are shown as follow:

- *Control Environment*: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- *Risk Assessment*: A dynamic and iterative process for identifying and analyzing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- *Control Activities*: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- *Information and Communication*: Internal and external communication to provide the Group with the information needed to carry out day-to-day controls.
- *Monitoring*: Ongoing and separate evaluations to ascertain whether each components of internal control is present and functioning.

Based on the internal control reviews conducted during the year ended 31 March 2018, no significant control deficiency was identified. The Board believes that the existing risk management and internal control systems are adequate and effective.

Inside Information

The Company recognises that the release of inside information to place anyone in a privileged dealing position is strictly prohibited. In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Group enters into significant negotiations.
- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Prior to the announcement of any inside information, all Directors and senior management are requested to take all reasonable steps to maintain strict confidentiality and where it is reasonably likely that confidentiality may have been lost in respect of the inside information, the Company shall as soon as reasonably practicable, apply to the Stock Exchange for a trading suspension of its shares.

Internal Auditors

The Group has an Internal Audit ("IA") function, which is consisted of professional staff with relevant expertise (such as Certified Public Accountant). The IA function is independent of the Group's daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An IA plan has been approved by the Board. According to the established plan, review of the risk management and internal control systems is conducted annually and the results are reported to the Board via the Audit Committee afterwards.

CORPORATE GOVERNANCE REPORT

Effectiveness of the Risk Management and Internal Control Systems

The Board is responsible for the risk management and internal control systems of the Group and ensuring review of the effectiveness of these systems has been conducted annually. Several areas have been considered during the Board's review, which include but not limited to (i) the changes in the nature and extent of significant risks since the last annual review, and the Group's ability to respond to changes in its business and the external environment (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems.

The Board, through its review and the review made by IA function and the Audit Committee, concluded that the risk management and internal control systems were effective and adequate. Such systems, however, are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. It is also considered that the resources, staff qualifications and experience of relevant staff were adequate and the training programs and budget provided were sufficient.

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. The Company has therefore adopted a board diversity policy which sets out the approach to achieve and maintain diversity on the Board.

Pursuant to the policy, the Nomination Committee seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to the talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee reviews and assesses the composition of the Board and makes recommendations to the Board on appointment of new Directors. The Nomination Committee also oversees the conduct of the annual review of the effectiveness of the Board.

In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, those described above, in order to maintain an appropriate range and balance of talents, skills, experience and background on the Board.

In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

In overseeing the conduct of the annual review of the effectiveness of the Board, the Nomination Committee will consider the balance of talents, skills, experience, independence and knowledge on the Board and the diversity of the Board.

Measureable objectives

The Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

Monitoring and reporting

The Nomination Committee will report annually, in the Corporate Governance Report of the Company, on the process it has used in relation to Board appointments.

Review of the policy

The Nomination Committee will review the policy annually, which will include an assessment of the effectiveness of the policy. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

CORPORATE GOVERNANCE REPORT

INVESTORS AND SHAREHOLDERS RELATIONS

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include (i) the publication of quarterly, interim and annual reports; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchange views with the Board; (iii) updated and key information of the Group available on the websites of GEM and the Company; (iv) the Company's website offering communication channel between the Company and its Shareholders and investors; and (v) the Company's share registrars in Hong Kong serving the Shareholders in respect of all share registration matters.

The Company aims to provide its Shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide information of the Group to Shareholders in a clear, detailed, timely manner and on a regular basis through the publication of quarterly, interim and annual reports and/or dispatching circulars, notices, and other announcements.

The Company strives to take into consideration its Shareholders' views and inputs, and address the Shareholders' concerns. Shareholders are encouraged to attend the annual general meeting for which at least 20 clear business days' notice shall be given. The chairman of the Board as well as the chairmen of the Audit Committee, the Nomination Committee and the Remuneration Committee, or in their absence, the Directors are available to answer Shareholders' questions on the Group's businesses at the meeting. To comply with code provision E.1.2 of the CG Code, the management will ensure the external auditor to attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

All Shareholders have statutory rights to call for extraordinary general meetings and put forward agenda items for consideration by Shareholders. According to article 64 of the Articles, one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings can call for an extraordinary general meeting. Such requisition shall be made in writing to the Board or the Company secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If a Shareholder wishes to propose a person (the "**Candidate**") for election as a Director at a general meeting, he/she shall deposit a written notice (the "**Written Notice**") to the Company's principal place of business in Hong Kong at Units A&B, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

The Written Notice (i) must include the personal information of the Candidate as required by Rule 17.50(2) of the GEM Listing Rules; and (ii) must be signed by the Shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of the publication of his/her personal information.

The period for lodgment of the Written Notice shall commence on the day after the dispatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

In order to ensure that the Shareholders have sufficient time to receive and consider the proposal of election of the Candidate as a Director without adjourning the general meeting, Shareholders are urged to submit and lodge the Written Notice as early as practicable preferably at least 15 business days prior to the date of the general meeting appointed for such election.

In order to promote effective communication, the Company also maintains website (<http://www.i-controlholdings.com>) which includes the latest information relating to the Group and its businesses. Shareholders' enquiries or proposals can be directed in writing to the Board or the Company secretary at Units A&B, 12/F MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong or by email to info@i-controlholdings.com.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

Ms. Ng Tsz Wai has been appointed as the company secretary of the Company with effect from 7 December 2017. She is a member of the HKICPA. Ms. Ng Tsz Wai has taken no less than 15 hours of relevant professional trainings to update her skills and knowledge during the year ended 31 March 2018.

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENTS

There were no significant changes in the constitutional documents of the Company during the year ended 31 March 2018.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT ESG REPORT

The Environmental, Social and Governance Report (the “**ESG Report**”) elaborates the various works of the Group to fully implement the concept of sustainable development and perform its corporate social responsibilities, and its performance of social governance from 1 April 2017 to 31 March 2018 (the “**Year**”).

Scope of the Report

The ESG Report focuses on the environmental and social performance of the core business of the Group in Hong Kong during the Year. The key performance indicators (KPIs) of environmental subject area are presented in Appendix. As for the information of corporate governance, please refer to the “Corporate Governance Report” in this annual report.

Reporting Framework

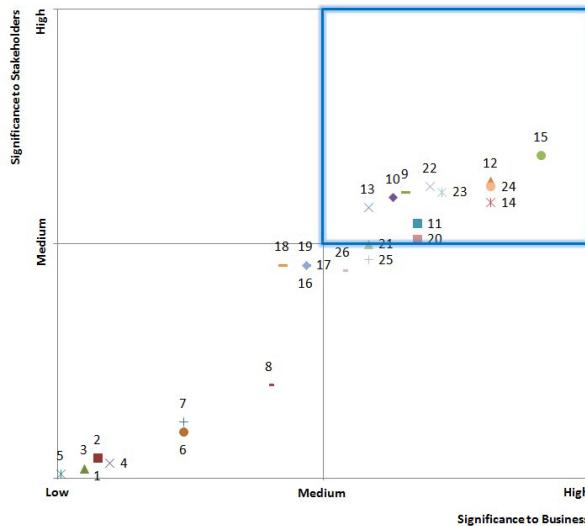
The ESG Report was prepared based on the “Environmental, Social and Governance Reporting Guide” under the GEM Listing Rules.

Stakeholder Engagement

The Group values the views of its stakeholders, including not only employees, management and Directors, but also customers, suppliers and communities. During the preparation of the ESG Report, the Group commissioned an independent third-party consultant to assist the Group in conducting a materiality analysis in a just and unbiased manner.

The materiality assessment has been implemented with three main phases, namely (i) identifying potential material issues in respect of environment, society and governance that might affect the Group’s business or stakeholders; (ii) conducting a questionnaire survey to understand the views and expectations of the stakeholders on the Group’s response to and disclosures of ESG issues; (iii) prioritizing potential material issues based on a total of 37 valid questionnaires retrieved. By reviewing the result of the survey, the Group identifies the key issues and has highlighted them in the ESG Report. The following chart shows the substantive matrix that derives from the result of the questionnaire survey.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Environment	Labour Practice	Operation Practice	Community Investment
1. Air Pollutant Management	9. Employees' Remuneration and Benefits	16. Supplier Environmental Assessment	25. Impact on the Community
2. Waste Management	10. Employees' Working Hour and Rest Period	17. Supplier Assessment for Labour Practices and Human Right	26. Direct Economic Value Generated for Community
3. Carbon Emission	11. Diversity and Equal Opportunity	18. Supplier Assessment for Impacts on Society	
4. Energy Management	12. Occupational Health and Safety	19. Supply Chain Management	
5. Water Management	13. Training and Education	20. Customer Health and Safety	
6. Use of Raw Material and Packaging Materials	14. Child Labor and Forced Labor	21. Marketing and Labeling	
7. Research and Development	15. Compliance with Labor Laws and Regulations	22. Customer Privacy	
8. Environmental Compliance		23. Anti-corruption	
		24. Compliance with Laws and Regulations Relating to the Provision and Use of Products and Services	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Through the assessment processes, the Group identified 12 most material ESG issues and disclosed relevant information in the corresponding section.

Material Aspects	Corresponding Section
9. Employees' Remuneration and Benefits	Employment Policies
10. Employees' Working Hour and Rest Period	Employment Policies
11. Diversity and Equal Opportunity	Employment Policies
12. Occupational Health and Safety	Occupational Safety and Health
13. Training and Education	Development and Training
14. Child Labor and Forced Labor	Employment Policies
15. Compliance with Labor Laws and Regulations	Employment Policies
20. Customer Health and Safety	Customer Service
21. Marketing and Labeling	Advertisement
22. Customer Privacy	Privacy Protection
23. Anti-corruption	Anti-corruption
24. Compliance with Laws and Regulations Relating to the Provision and Use of Products and Services	Quality Control & Customer Service

The data collected is not only a summary of the environmental and social initiatives carried out by the Group during the Year, but also forms the basis for the Group to map out short and long-term strategies for sustainable development. The Group will continue to deepen the breadth and depth of communication with stakeholders in the future.

ENVIRONMENTAL PROTECTION

Green Office

During the Year, the Group's business remained unchanged, namely the installation services and maintenance services for audiovisual, conferencing, presentation and multimedia control systems. With sustainable development being the consistent goal, the Group not only continued to comply with all the laws and regulations regarding environmental protection in Hong Kong, but also paid constant attention to the reduction of resources consumption and carbon emission in its daily operation, especially in the office area.

To reduce the electricity consumed by lighting systems and air conditioners, the Group has employed a few measures, such as switching off lights when indoor areas are not in use, separating light switches for different light zones, improving refrigerating efficiency by cleaning the filters or fans of air conditioners, setting the temperature of air conditioners at 25.5 degrees Celsius or above, allowing employees to wear casual clothes every Friday and in hot weather, and so on. Regarding the use of other electric devices, the Group also calls for employees to integrate energy conservation initiatives into their daily work by setting the computers to automatic standby or sleeping mode when idle and turning off office power before they leave for holidays. Apart from the abovementioned measures, other green office initiatives include the installation of dual-flush toilets to reduce water consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Other than energy and water conservation, the Group has also taken actions to reduce the amount of paper use in its daily operation. For instance, Office Automation (OA) system is applied to substitute the traditional paper-based office administration system. Internal information or notice is published and disseminated via email or internal network instead of printing files. Employees are also encouraged to reuse paper and print on both sides with smaller fonts and line spacing.

The Group is also committed to reducing carbon emission directly caused by its business operation and employees' activities. As part of the various measures adopted to achieve this goal, the Group encourages employees to use public transportation, selects direct flights for unavoidable business trip, organizes events at locations easily accessible by public transportation, and optimizes route planning for transportation and goods delivery. It is the Group's belief that employees' participation is indispensable for the success of these measures. Therefore, much emphasis is placed on informing employees of the emission reduction measures through internal network to enhance employees' awareness and sense of responsibility of environmental protection. During the Year, the Group equipped a new video wall in its conferencing room to further facilitate video conference and replace unnecessary overseas travel.



Waste Management

Due to the absence of manufacture and construction activities, the Group's impacts on environment and natural resources, including air emission and wastewater discharge are insignificant. The Group continued to strictly comply with all the local provisions on pollutant and waste emission. The wastes produced in the Group's daily operation are mainly waste paper and equipment packages, both of which belong to non-hazardous wastes. Except printed documents with confidential information, all discarded paper is sent to waste paper recycling enterprises for disposal. Equipment packages are also delivered to qualified companies for recycling.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYEES' RIGHT

Employment Policies

During the Year, the Group continued to comply with the Employment Ordinance and other relevant laws and regulations in Hong Kong. In terms of recruitment, vacancies will be advertised to the public if there is no suitable candidate within the Group. Candidates are offered equal opportunities and selected on the basis of their qualifications, abilities and experiences. The Group advocates diverse workforce so as to enhance the creativity and competitiveness of its employee team.

To avoid hiring child labour, candidate's age is checked carefully in line with the provisions of the Employment of Children Regulations of Hong Kong. Whenever an employee resigns or is dismissed, the Group will arrange an interview to find out the reason of leaving and identify potential problems. Discrimination on grounds of factors such as sex, age and race is not tolerated.

The overall remuneration level is based on employees' performance, qualifications, competence displayed and market level. The Group offers competitive remuneration package which typically comprises salaries, commission, contribution to retirement benefit schemes and discretionary bonuses. Salaries are reviewed and adjusted every year. Special year-end bonus may be granted depending on the Group's profit and employees' performance. Performance appraisal is conducted regularly. Promotion is determined through a collective evaluation of the candidates' ability, ambition, diligence, experience, qualification, performance, morality and length of service. The Group treats all the candidates and employees fairly in recruitment, promotion, transfer, reward and other employment activities.

General employees work eight hours per day and five days per week. For technical employees, their workdays and working hours are subject to their job requirements. The Group strictly prohibits the use of forced labour. Only technical employees are eligible to claim overtime work and will be compensated in lieu of annual leave. Apart from statutory holidays, employees are entitled to annual leave, sick leave, causal leave, marriage leave, birthday leave, maternity leave and paternity leave.

In accordance with the Mandatory Provident Fund Schemes Ordinance and other relevant regulations of Hong Kong, Retirement Benefits Scheme (for employees employed before December 2000) and Mandatory Provident Fund Plan are offered to employees. Employees are also accessible to sickness allowance, communication and travelling allowance, study allowance, medical insurance, and long serving employees award.

Development and Training

To promote the growth and development of employees, the Group devises training plans for employees on an annual basis to provide employees with internal training courses and outdoor team building workshops. When new products are launched, product trainings are offered to technical employees and the employees in sales and marketing department. Apart from regular trainings, the Group also organizes a Sales Kickoff Meeting each year to create a platform for employees to communicate with each other. During the Year, the Group invited suppliers to provide sales/technical employees with product trainings for new products.

Occupational Safety and Health

The Group attaches great importance to employees' safety and health during its daily operation. To maintain a safe working environment and keep injuries or illnesses to the minimum, the Group has established a system for reporting hazards, injuries and illnesses. The Group also has the safety procedures in place for identified dangerous work and potential risks. Meanwhile, regular fire drills and safety orientation are also organized for new employees and employees starting new jobs to keep them informed of safety-related issues. To improve the air quality, air conditioners are regularly washed and green plants are placed in the office area.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the Group continued to strictly comply with the Occupational Safety and Health Ordinance of Hong Kong. No major safety accidents were observed during its operation. Additionally, the Group organized multiple employee activities to strength employees' sense of belonging and passion for work, such as overseas tour.



OPERATION MANAGEMENT

Supply Chain Management

The Group's main suppliers are manufacturers of video conferencing and multimedia audiovisual equipment. The Group selects suppliers based on a number of factors, including their equipment quality, reputation, price, supply capacity, time of delivery and market share. To meet the quality requirements and demands of customers as well as keep pace with the latest equipment and technology, the Group also constantly monitors and evaluates its existing and potential suppliers.

In respect of the outsourced projects, the Group will closely monitor if the contractors' performance meets the Group's standards by evaluating their efficiency, service quality, responsiveness to the Group's requests and fee levels. To maintain a positive, motivating and competitive environment, the Group also continuously explores potential new contractors.

Before placing orders with suppliers, the Group will firstly check its warehouse to determine if the inventory of the equipment required is able to accommodate the installation orders. If the products supplied are found to be defective on arrival, the Group will negotiate with the suppliers and arrange for returns.

Quality Control

The Group places significant emphasis on quality control. Each step in the operating procedures is controlled and monitored to guarantee its adherence to the stringent quality standards. Upon completion of the installation work, the Group will further carry out a user acceptance test which generally comprises a series of performance checkings to ensure that the installed equipment and installation services provided are up to the standards as agreed with the customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Customer Service

The Group's goal is to deliver on-time and professional services and achieve customer satisfaction. To reach this goal, on the one hand, the Group has developed a customer-oriented service model which consists of initial enquiry with the purpose of understanding customers' needs, feasibility assessment (on-site visit, design and costs evaluation), issue of quotation for customers' confirmation, delivery and installation of the purchased equipment, on-site testing and training provided to customers, ongoing maintenance and after-sales services. On the other hand, a computerized information management system, containing customers' information, specifications of equipment, tenders and quotations, inventories, invoices issued or received, payment schedules, delivery schedules and installation schedules, is applied to facilitate project management and allocation of manpower.

During the whole process, there is a team of expert engineers and technicians that cater to the various needs of the customers promptly and satisfactorily. At first, a design proposal concerning recommendations of equipment and descriptions of the features and functions of such equipment is provided for the customers. In certain cases, equipment demonstration is arranged to assist the customers to better understand the operation and features of suggested equipment. Upon customers' request, photos and catalogue of equipment may also be presented for their consideration. The design proposal may be refined multiple times based on the customers' feedback until they are satisfied.

After the equipment installed comes into operation, the Group will circulate to the customers a set of user manuals which sets out the functions and operational details of the equipment for their future reference. Depending on the customers' needs and requests, the Group normally provides the customers with one to three sessions of free training on the daily operation of the equipment so that they can derive all of the capabilities and comfort from using the equipment.

Advertisement

The Group carries out marketing activities generally through its website and advertisements in magazines. All public sales and marketing information is checked to make sure it is true and accurate while complying with laws and regulations relating to advertisement and labeling.

Privacy Protection

Protecting the privacy of the customers as well as the Group is another important issue. The Group has formulated the Publication of Inside Information Policy and Procedure to assure timely protection of its legal rights. The Group has also taken a series of measures to guarantee information safety of the customers, including safeguarding the computer database, restricting the use of information to purposes consistent with those identified in the contracts, providing employees with privacy training, and so on.

Anti-corruption

To prevent the occurrence of bribery, the Group has adopted anti-corruption policy as well as whistle-blowing policy. Under no circumstances may any employee accept or offer gifts, gratuities and other benefits to or from outside parties for any transactions not authorized by the Group. Otherwise, he or she would be dismissed and punished according to relevant provisions.

For projects obtained through tender, employees are prohibited from communicating with any individual other than the customer the amount of any tender or otherwise collude with any other person to adjust the amount of any tender. During the Year, the Group continued to strictly comply with the Prevention of Bribery Ordinance and other relevant laws and regulations in Hong Kong. No corruption cases or internal whistle-blowing cases were recorded during its operation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

COMMUNITY CONTRIBUTION

Apart from focusing on its business development, the Group also proactively fulfills its responsibility of giving back to the society as an enterprise citizen. During the Year, as one of the committee members in Charles K. Kao Foundation, the Group's executive Director, Mr. Tong Sai Wong was committed to organizing events such as charity basketball competition in this foundation. In addition, the Group continued to encourage the employees to take part in public welfare activities to help those in need.

APPENDIX: SUMMARY OF KPIs FOR SUBJECT AREA A. ENVIRONMENT

Environmental Indicators	Year Ended Mar. 2018
Air Emissions	
Nitrogen oxide emissions (kg)	0.58
Sulfur dioxide emissions (kg)	0.02
Particulate matter emissions (kg)	0.04
Greenhouse Gas (GHG) Emissions	
GHG emissions in total (tons of carbon dioxide equivalent)	96
GHG emissions intensity (tons of carbon dioxide equivalent/person)	1.37
Direct emissions (Scope 1) (tons of carbon dioxide equivalent)	3
Energy indirect emissions (Scope 2) (tons of carbon dioxide equivalent)	83
Other indirect emissions (Scope 3) (tons of carbon dioxide equivalent)	10
Waste	
Non-hazardous waste generated in total (tons)	The Group generates very little non-hazardous waste. The data is unavailable. Not applicable
Non-hazardous waste intensity (tons/person)	
Hazardous waste generated in total (tons)	The Group generates very little hazardous waste. The data is unavailable. Not applicable
Hazardous waste intensity (tons/person)	
Use of Resources	
Energy consumption in total (MWh)	165
Energy consumption intensity (MWh/person)	2.35
Water consumption in total (m ³)	The Group consumes very little water. The data is unavailable. Not applicable
Water consumption intensity (m ³ /person)	
Total amount of packaging materials used for finished products (tons)	The Group's business does not involve product packaging. Not applicable
Intensity of packaging material (kg/product)	

REPORT OF THE DIRECTORS

The Directors are pleased to submit their report together with the audited consolidated financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Island (the “**Companies Law**”) on 21 August 2014. Its 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 ordinary shares were listed on GEM on 27 May 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group comprise video conferencing and multimedia audio-visual solutions, including installation services and the provision of audio-visual maintenance services. The principal activities and other particulars of the subsidiaries of the Company are set out in note 33 to the consolidated financial statements in this annual report.

Further discussion and analysis of these activities and financial key performance indicators, as well as the principal risks and uncertainties facing the Company, environmental policies and performance, and compliance with laws and regulations as required by Schedule 5 to the Hong Kong Companies Ordinance, can be found in the sections headed “Chairman’s Statement”, “Management Discussion and Analysis” and “Environmental, Social and Governance Report” of this annual report. Those discussion form part of this Report of the Directors.

RELATIONSHIP WITH KEY STAKEHOLDERS

The support from key stakeholders, including employees, customers, suppliers and shareholders, contributes greatly to the Group’s success. The Group has an objective to devote resources to promote and maintain long term and sustainable relationships with these stakeholders.

RESULTS AND APPROPRIATIONS

The financial performance of the Group for the financial year ended 31 March 2018 and the financial position of the Group as at 31 March 2018 are set out in the consolidated financial statements on pages 50 to 97 of this annual report.

The Directors have recommended the payment of a final dividend out of the share premium account under reserves of the Company of HK0.8 cents (2017: HK1.0 cents) per share to the Shareholders whose names are on the register of members of the Company on 17 August 2018. Subject to approval by the Shareholders at the AGM and compliance with the Companies Law of the Cayman Islands, the final dividend will be paid on or about 12 September 2018, and the register of members of the Company will be closed from 15 August 2018 to 17 August 2018, both days inclusive, for determination of entitlement of the final dividend, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on 14 August 2018.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the “**Annual General Meeting**”) of the Company is scheduled to be held on 8 August 2018. A notice convening the Annual General Meeting will be issued and dispatched to Shareholders on 29 June 2018.

REPORT OF THE DIRECTORS

The register of members of the Company will be closed from 3 August 2018 to 8 August 2018 (both days inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 22/F, Hopewell Centre 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 2 August 2018.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2018, the Group's top five customers accounted for approximately 26.4% of the revenue. The Group's five largest suppliers accounted for approximately 29.3% of the total purchases for the year ended 31 March 2018. In addition, the Group's largest customer accounted for approximately 10.8% of the revenue and the Group's largest supplier accounted for approximately 7.7% of the total purchases for the year ended 31 March 2018.

As far as the Company is aware, as at the date of this annual report, save for an insignificant amount of shares in one of the above customers, which is a company whose shares are listed on the Stock Exchange, held for passive investment purpose from time to time, none of the Directors, their close associates nor any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in the Group's customers and suppliers as disclosed above.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 March 2018 are set out in the consolidated statement of changes in equity in this annual report.

As at 31 March 2018, the Company's reserves available for distribution amounted to approximately HK\$55,967,000.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 March 2018 are set out in note 25 to the consolidated financial statements in this annual report.

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTY

Details of movements in the property and equipment and investment property of the Group are set out in notes 15 and 16 respectively to the consolidated financial statements in this annual report.

REPORT OF THE DIRECTORS

DIRECTORS

Up to the date of this annual report, the Directors were:

Executive Directors

Mr. Zhong Naixiong[^] (*Chairman*)

Mr. Yau Wing Keung[^]

Mr. Tong Sai Wong

Mr. Chan Wing Yiu

Mr. Chan Wing Lun

Non-executive Directors

Dr. Wong King Keung

Mr. Lin Wing Ching[#]

Independent non-executive Directors

Dr. Chan Man Hung[#]

Mr. Fong Chi[^]

Mr. Fung Chan Man Alex[^]

Mr. Lai Hing Kwong Joseph[^]

Dr. Lai Wing Chueng[#]

Mr. Lum Pak Sum

Further details of the Directors are set forth in the section headed “Directors and Senior Management” of this annual report. Details of the emoluments of the Directors are set out in note 13 to the consolidated financial statements in this annual report.

By virtue of article 108(a) of the Articles, Mr. Tong Sai Wong and Mr. Chan Wing Yiu shall retire from office by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting.

By virtue of article 112 of the Articles, Mr. Zhong Naixiong, Mr. Yau Wing Keung, Mr. Fong Chi, Mr. Fung Chan Man Alex and Mr. Lai Hing Kwong Joseph shall hold office until the next following annual general meeting and shall then be eligible for re-election at the Annual General Meeting.

Directors’ service contracts

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into an appointment letter with the Company for a term not more than two years expiring on 31 March 2019 and is renewable thereafter, subject to early removal from office in accordance with the Articles, and retirement and re-election provisions in the Articles.

None of the Directors (including those proposed for re-election at the Annual General Meeting) has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

[^] Appointed on 7 December 2017

[#] Resigned on 7 December 2017

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

The following is a summary of the principal terms of the share option scheme adopted under the written resolutions of the shareholders of the Group passed on 11 May 2015 (“**Share Option Scheme**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

(a) Purpose

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group.

(b) Participants of the Share Option Scheme

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (a) any employee or proposed employee (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Company, any of its subsidiaries or any entity (the “**Invested Entity**”) in which the Company holds an equity interest;
- (b) any non-executive Directors (including independent non-executive Directors) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any members of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and
- (f) any Shareholders or any shareholder of any of its subsidiaries or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity,

and for the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Company to any person who falls within any of the above classes of participants shall not, by itself, unless the Directors otherwise determine, be construed as a grant of option under the Share Option Scheme.

The basis of eligibility of any of the above classes of participants to the grant of any options shall be determined by the Directors from time to time on the basis of the participants’ contribution to the development and growth of the Group. In order for a person to satisfy the Directors that he is qualified to be (or where applicable, continues to qualify to be) a participant, such person shall provide all such information as the Directors may request for the purpose of assessing his eligibility (or continuing eligibility).

REPORT OF THE DIRECTORS

(c) Total number of Shares available for issue under the Share Option Scheme

The maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of the Shares in issue as at the Listing Date (i.e. 27 May 2015).

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Company must not in aggregate exceed 30% of the share capital of the Company in issue from time to time.

Up to the date of this annual report, there is no option under the Share Option Scheme outstanding, granted, exercised, cancelled or lapsed.

As at the date of this annual report, the maximum outstanding number of options available for grant and Shares which may be issued under the Share Option Scheme represents 10% of the issued share capital of the Company.

(d) Maximum entitlement of each participant and connected persons

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

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 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.

(e) The basis of determining the exercise price of option

The subscription price of a Share in respect of any option granted under the Share Option Scheme, subject to any adjustments made in accordance with the Share Option Scheme, shall be such price as the Board in its absolute discretion shall determine, provided that such price shall not be less than the highest of:

- (i) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business day immediately preceding the date of grant of the option (which must be a business day);
- (ii) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option (which must be a business day); and
- (iii) the nominal value of the Shares.

REPORT OF THE DIRECTORS

(f) Acceptance and payment on acceptance of option offer

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option. A consideration of HK\$1.00 is payable on acceptance of the offer of the grant of an option.

(g) Period of the Share Option Scheme

Unless terminated by the Company by resolution in general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme becomes unconditional (i.e. 11 May 2015).

DISCLOSURE OF INTERESTS

(a) Interests and short position of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or the associated corporations

As at 31 March 2018, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required as otherwise to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to Rule 5.46 of the GEM Listing Rules, were as follows:

(i) *Interests in the Company*

Name	Capacity/Nature of interest	Number of Shares <i>(Note 1)</i>	Percentage of issued Shares
Mr. Zhong Naixiong	Interest of controlled corporation <i>(Note 2)</i>	600,000,000	60.00%
Dr. Wong King Keung	Beneficial owner	150,000,000	15.00%

Notes:

(1) All interest stated are long positions.

(2) These Shares are held by Phoenix Time Holdings Limited, which is 100% owned by Mr. Zhong Naixiong. Pursuant to the provisions of Division 7 and 8 of Part XV of the SFO, Mr. Zhong Naixiong is deemed to have an interest in all Shares in which Phoenix Time Holdings Limited has, or deemed to have, an interest.

Save as disclosed above, as at the date of this annual report, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) which were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO or (iii) which were otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

REPORT OF THE DIRECTORS

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

As at 31 March 2018, so far as is known to the Directors and chief executives of the Company, the following corporation or persons (other than the Directors or chief executives of the Company) had, or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, were as follows:

Name	Capacity/Nature of interest	Number of Shares <i>(Note 1)</i>	Percentage of issued Shares
Phoenix Time Holdings Limited	Beneficial owner	600,000,000	60.00%
Ms. Chen Minling <i>(Note 2)</i>	Interest of spouse	600,000,000	60.00%
Ms. Wong Lau Sau Yee Angeli <i>(Note 3)</i>	Interest of spouse	150,000,000	15.00%

Notes:

- (1) All interest stated are long positions.
- (2) Ms. Chen Minling is the spouse of Mr. Zhong Naixiong. Pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, Ms. Chen Minling is deemed to have an interest in all Shares in which Mr. Zhong Naixiong has, or deemed to have, an interest.
- (3) Ms. Wong Lau Sau Yee Angeli is the spouse of Dr. Wong King Keung. Pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, Ms. Wong Lau Sau Yee Angeli is deemed to have an interest in all Shares in which Dr. Wong King Keung has, or deemed to have, an interest.

Save as disclosed above, as at the date of this annual report, the Directors and chief executives of the Company are not aware of any other person, not being a Director or chief executives of the Company, who had, or were deemed or taken to have an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed in this annual report, at no time during the year ended 31 March 2018 was the Company, or any of its holding company, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, or underlying shares, or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

REPORT OF THE DIRECTORS

SUFFICIENCY OF PUBLIC FLOAT

With reference to the Company's announcement dated 13 October 2017, the Board was informed by Dr. Wong King Keung, Mr. Tong Sai Wong, Mr. Chan Wing Yiu, Mr. Chan Wing Lun, all being the controlling shareholders (as defined under the GEM Listing Rules) of the Company, and Mr. Lin Wing Ching (together as "**Vendors**") on 6 October 2017 that the Vendors entered into a sale and purchase agreement pursuant to which the Vendors agreed to sell 600,000,000 Shares, representing 60.00% of the then entire issued share capital of the Company to Phoenix Time Holdings Limited (the "**Offeror**") at the aggregate consideration of HK\$216,000,000. Completion of the sale and purchase agreement took place on 6 October 2017.

Immediately following completion of the sale and purchase agreement between the Vendors and the Offeror, the Offeror and parties acting in concert with it were interested in 600,000,000 Shares, representing 60.00% of the then entire issued share capital of the Company. Pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers, the Offeror was 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 "**Offer**"). Upon close of the Offer, the Offeror and parties acting in concert with it were interested in, held, controlled or directed 602,630,000 Shares, representing 60.263% of the then entire issued share capital of the Company.

Immediately after the close of the Offer on 7 December 2017, 247,370,000 Shares, representing 24.737% of the then entire issued share capital of the Company, were held by the public (within the meaning of the GEM Listing Rules). Accordingly, the minimum public float requirement of 25% as set out under Rule 11.23(7) of the GEM Listing Rules was not satisfied.

As stated in the Company's announcements dated 12 December 2017 and 14 December 2017, the Company was informed that the Offeror entered into a placing agreement on 11 December 2017 with Upbest Securities Company Limited for the placing of 2,630,000 Shares held by the Offeror at the placing price of HK\$0.36 per Share (the "**Offeror Placing**").

Completion of the Offeror Placing took place on 14 December 2017. Immediately after completion of the Offeror Placing, 250,000,000 Shares, representing 25% of the entire issued share capital of the Company, was held by the public (within the meaning of the GEM Listing Rules).

As such, the minimum public float of 25% as required under Rule 11.23(7) of the GEM Listing Rules has then been restored. The Company is in compliance with the minimum public float requirement as at the date of this annual report based on the information publicly available to the Company and within the knowledge of the Directors.

CONNECTED TRANSACTIONS

The related party transactions of the Company are set out in note 30 to the consolidated financial statements in this annual report. The related party transactions of the Company did not constitute connected transactions or continuing connected transactions of the Company under Chapter 20 of the GEM Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the GEM Listing Rules. For the year ended 31 March 2018, the Group had not entered into any transactions constituting connected transactions (including continuing connected transactions) which are subject to the disclosure requirements under Chapter 20 of the GEM Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save as otherwise disclosed, no other transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries was a party, and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2018.

REPORT OF THE DIRECTORS

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme of the Company as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 March 2018 or subsisted at the end of the year ended 31 March 2018.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2018.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, its holding company, or any of its subsidiaries was a party, and in which the controlling shareholders of the Company had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2018.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2018, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

RETIREMENT BENEFITS PLANS

Particulars of retirement benefits plans of the Group as at 31 March 2018 are set out in note 29 to the consolidated financial statements in this annual report.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors were independent during the year ended 31 March 2018.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

PERMITTED INDEMNITY

Pursuant to the Articles, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force throughout the year. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2018, none of the Company and its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

REPORT OF THE DIRECTORS

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Zhongtai International Capital Limited ("Zhongtai"), none of Zhongtai and its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser agreement entered into between the Company and Zhongtai) as at 31 March 2018.

CORPORATE GOVERNANCE

The Company maintains a high standard of corporate governance practices. Details of the corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 18 to 27 of this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group is set out in the financial summary on page 100 of this annual report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2018 have been audited by SHINEWING (HK) CPA Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

By order of the Board
Zhong Naixiong
Chairman

Hong Kong, 22 June 2018

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS



SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF i-CONTROL HOLDINGS LIMITED *(incorporated in the Cayman Islands with limited liability)*

OPINION

We have audited the consolidated financial statements of i-Control Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 50 to 97, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RECOVERABILITY OF TRADE RECEIVABLES

Refer to note 18 to the consolidated financial statements and the accounting policies on page 68 to 69.

The key audit matter

As at 31 March 2018, the Group had trade receivables of approximately HK\$34,046,000. We focused on recoverability of trade receivables because the policy for making impairment requires a high level of management judgement and due to the significance of the amounts involved.

How the matter was addressed in our audit

Our procedures were designed to review the management's assessment of impairment of trade receivables and challenge the reasonableness of the methods and assumptions used to estimate the impairment balances.

We reviewed the ageing analysis and identified those long outstanding trade receivables and checked the repayment status. We have discussed the indicators of possible impairment with the management and, where such indicators were identified, assessed the management's impairment testing.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pang Wai Hang.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Pang Wai Hang

Practising Certificate Number: P05044

Hong Kong

22 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Revenue	7	158,609	138,113
Cost of inventories sold		(96,166)	(77,011)
Staff cost		(31,128)	(26,953)
Depreciation		(3,258)	(3,216)
Other income and gain, net	7	421	903
Other operating expenses		(7,005)	(7,205)
Finance costs	9	(882)	(1,159)
Profit before taxation		20,591	23,472
Income tax expenses	10	(3,682)	(4,266)
Profit for the year attributable to owners of the Company	11	16,909	19,206
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		270	(100)
Total comprehensive income for the year attributable to owners of the Company		17,179	19,106
Earnings per share			
Basic and diluted	12	HK1.69 cents	HK1.92 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Property and equipment	15	84,704	86,052
Investment properties	16	9,192	11,060
Deferred tax assets	24	267	175
		94,163	97,287
Current assets			
Inventories	17	9,170	10,121
Trade receivables	18	34,046	27,194
Prepayments, deposits and other receivables	19	1,493	1,638
Tax recoverables		157	–
Bank balances and cash	20	64,463	54,052
		109,329	93,005
Current liabilities			
Trade payables	21	13,446	9,165
Other payables and accruals	22	13,626	7,303
Bank borrowings	23	39,680	44,101
Tax payables		641	930
		67,393	61,499
Net current asset		41,936	31,506
Total assets less current liabilities		136,099	128,793
Non-current liability			
Deferred tax liabilities	24	769	642
Net assets		135,330	128,151

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Capital and reserves			
Share capital	25	10,000	10,000
Reserves		125,330	118,151
Total equity		135,330	128,151

The consolidated financial statements on pages 50 to 97 were approved and authorised for issue by the board of directors on 22 June 2018 and are signed on its behalf by:

Zhong Naixiong
Director

Tong Sai Wong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2018

	Attributable to the owners of the Company					
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 (Note 26)	Translation reserve HK\$'000 (Note 26)	Retained profits HK\$'000	Total HK\$'000
At 1 April 2016	10,000	71,344	10,817	(22)	22,906	115,045
Profit for the year	-	-	-	-	19,206	19,206
Other comprehensive income for the year:						
Exchange differences arising on translating foreign operations	-	-	-	(100)	-	(100)
Total comprehensive income for the year	-	-	-	(100)	19,206	19,106
Dividend (<i>note 14</i>)	-	(6,000)	-	-	-	(6,000)
At 31 March 2017 and 1 April 2017	10,000	65,344	10,817	(122)	42,112	128,151
Profit for the year	-	-	-	-	16,909	16,909
Other comprehensive income for the year:						
Exchange differences arising on translating foreign operations	-	-	-	270	-	270
Total comprehensive income for the year	-	-	-	270	16,909	17,179
Dividend (<i>note 14</i>)	-	(10,000)	-	-	-	(10,000)
At 31 March 2018	10,000	55,344	10,817	148	59,021	135,330

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2018

	2018 HK\$'000	2017 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	20,591	23,472
Adjustments for:		
Bank interest income	(9)	(79)
Depreciation	3,258	3,216
Finance costs	882	1,159
Provision for write-down of inventories	408	87
Reversal of provision for write-down of inventories	(40)	(63)
Net gain on write-off of property and equipment	—	(27)
Operating cash flows before movements in working capital	25,090	27,765
Decrease (increase) in inventories	583	(3,918)
(Increase) decrease in trade receivables	(6,852)	3,695
Decrease (increase) in prepayments, deposits and other receivables	145	(426)
Increase in trade payables	4,281	958
Increase (decrease) in other payables and accruals	6,323	(8,107)
Cash generated from operations	29,570	19,967
Income taxes paid	(4,093)	(4,030)
NET CASH FROM OPERATING ACTIVITIES	25,477	15,937
INVESTING ACTIVITIES		
Acquisitions of property and equipment	(29)	(1,147)
Acquisitions of investment properties	—	(1,680)
Bank interest received	9	79
Insurance compensation for written off of property and equipment	—	473
NET CASH USED IN INVESTING ACTIVITIES	(20)	(2,275)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March 2018

	2018 HK\$'000	2017 HK\$'000
FINANCING ACTIVITIES		
Bank borrowings raised	–	10,000
Repayment of bank borrowings	(4,421)	(19,421)
Interest paid	(882)	(1,159)
Dividend paid	(10,000)	(6,000)
NET CASH USED IN FINANCING ACTIVITIES	(15,303)	(16,580)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,154	(2,918)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	54,052	57,036
Effect of foreign exchange rate changes	257	(66)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR represented by bank balances and cash	64,463	54,052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

i-Control Holdings Limited (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 its principal place of business is Units A&B, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

The Company's shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 27 May 2015. The directors of the Company consider the immediate and ultimate holding company is Phoenix Time Holdings Limited which is incorporated in the British Virgin Islands (the "BVI").

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

Items included in the financial statements of each of the Company and its subsidiaries (collectively referred to as the "Group") 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 REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Except as described below, the application of other new and revised HKFRSs 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 consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfill the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to HKAS 7 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities is provided in note 32. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure in note 32, the directors of the Company considered that these amendments have had no impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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 ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 19	Employee Benefits ²
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 40	Transfer of Investment Property ¹
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ²

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

² Effective for annual periods beginning on or after 1 January 2019.

³ Effective for annual periods beginning on or after 1 January 2021.

⁴ Effective date not yet been determined.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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 HKFRS 9 (2014) 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 reporting 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, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

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

HKFRS 9 (2014) Financial Instruments (Continued)

- 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 has performed a preliminary analysis of the Group’s financial instruments as at 31 March 2018 based on the fact and circumstances existing at that date. The directors of the Company have assessed the impact of adoption of HKFRS 9 (2014) on the Group’s results and financial position, including measurement of financial assets, and disclosures, as follows:

(a) *Impairment*

The directors of the Company expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables.

The application of the expected credit loss model may result in earlier recognition of credit losses for trade and other receivables and increase the amount of impairment allowance recognised for these items.

The directors of the Company will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the directors of the Company expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group’s consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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:

- (i) Identify the contract with the customer;
- (ii) Identify the performance obligations in the contract;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations; and
- (v) 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 major sources of revenue of the Group are sale of goods and service income. Revenue from sales of goods is recognised for each of the performance obligations when control over a good is transferred to the customer. Service income from maintenance income is recognised when services are rendered. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The directors of the Company have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the directors of the Company expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

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

HKFRS 16 Leases (Continued)

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 2018, the Company has non-cancellable operating lease commitments of approximately HK\$162,000 (2017: approximately HK\$339,000) that would be expired within one year as disclosed in note 27. These arrangements would have been expired upon the initial application of HKFRS 16. The directors of the Company except that, the adoption of HKFRS 16 will not have material impact of the Group’s result and no portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

Amendments to HKAS 40 Transfer of Investment Property

The amendments clarify that, to transfer to or from, investment properties, there must be a change in use. A change in use would involve (a) an assessment of whether a property meets, or has ceased to meet, the definition of investment property; and (b) supporting evidence that a change in use has occurred. A change in management’s intention for the use of a property does not on its own provide evidence of a change in use.

The amendments also re-characterised the list of circumstances in HKAS 40.57(a)-(d) as a non-exhaustive list of examples to allow for other circumstances to be accounted for a transfer, as long as that change is supported by appropriate evidence.

Amendments to HKAS 40 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted and entities may elect to apply them retrospectively or prospectively.

The directors of the Company anticipate that the application of Amendments to HKAS 40 will not have material impact on the Group’s consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. An investment property becomes an owner-occupied property when there is a change in use, as evidenced by commencement of an 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 exchange 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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other 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, schemes established under Occupational Retirement Scheme Ordinance and Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statement 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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 statements of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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-generation 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.

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of tangible assets for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

4. 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.

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.

Estimated impairment 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.

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 higher of the fair value less costs of disposal and value-in-use calculations. These calculations require the use of judgements and estimates. As at 31 March 2018, the carrying values of property and equipment and investment properties were approximately HK\$84,704,000 and HK\$9,192,000 (2017: HK\$86,052,000 and HK\$11,060,000) respectively. No impairment was recognised for the years ended 31 March 2018 and 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2018

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated provision for write-down of inventories

The management of the Group reviews an ageing analysis at the end of each reporting period and makes provision for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes provision for write-down of 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 2018, the carrying amounts of inventories of the Group was approximately HK\$9,170,000 (2017: HK\$10,121,000), net of accumulated provision for write-down of inventories of approximately HK\$852,000 (2017: HK\$484,000). During the year ended 31 March 2018, provision for write-down of inventories of approximately HK\$408,000 (2017: HK\$87,000) and reversal of provision for write-down of inventories of approximately HK\$40,000 (2017: HK\$63,000) 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 2018, the carrying amounts of trade receivables was approximately HK\$34,046,000 (2017: HK\$27,194,000). No impairment was recognised for the years ended 31 March 2018 and 2017.

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 and reserves.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018 HK\$'000	2017 HK\$'000
Financial assets		
Loans and receivables (including bank balances and cash)	98,676	81,647
Financial liabilities		
Amortised cost	61,778	57,339

(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 trade receivables, 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	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
United States dollar ("USD")	2,562	1,377	722	889
RMB	1,500	–	–	–

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the currency risk of USD and RMB.

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

The following table details the Group's sensitivity to a 5% increase or decrease in HK\$ against the RMB for the years ended 31 March 2018 and 2017. 5% is the sensitivity rates used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2017: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where the respective functional currency strengthen 5% (2017: 5%) against the relevant currency. For a 5% (2017: 5%) weakening of the respective functional currency against the relevant currency, there would be an equal and opposite impact on the profit.

Presented in:	HK\$'000	
	2018	2017
Profit or loss	63	—

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

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 (2017: 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 2018 and all other variables were held constant, the Group's post-tax profit would decrease/increase by approximately HK\$166,000 (2017: HK\$184,000). This is mainly attributable to the Group's exposure to cash flow interest rate risk on its variable-rate bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk

As at 31 March 2018, 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 statement 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.

As at 31 March 2018, 16% (2017: 15%) and 29% (2017: 53%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

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 2018				
Trade payables	—	13,446	13,446	13,446
Other payables and accruals	—	8,652	8,652	8,652
Bank borrowings	2.24%	40,569	40,569	39,680
		62,667	62,667	61,778

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	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
		58,282	58,282	57,339

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 2018, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$40,569,000 (2017: HK\$45,044,000). 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\$42,317,000 (2017: HK\$47,628,000).

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 financial assets and financial liabilities recorded at amortised cost using the effective interest rate method in the consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

7. REVENUE AND OTHER INCOME AND GAIN, NET

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, net is as follows:

	2018 HK\$'000	2017 HK\$'000
Revenue		
Service income		
Solutions for audiovisual, conferencing, presentation and multimedia control systems, including installation services (note a)	144,216	124,253
Audiovisual system maintenance services	14,393	13,860
	158,609	138,113
Other income and gain, net		
Bank interest income	9	79
Exchange (loss) gain	(110)	95
Net gain on write-off of property and equipment (note b)	–	27
Gross rental income from investment properties (note c)	522	548
Sundry income	–	154
	421	903

Notes:

- (a) Included in this service income, revenue of approximately HK\$16,324,000 (2017: HK\$12,239,000) represented service income from procuring and delivering certain video conferencing and multimedia audiovisual equipment without 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.
- (c) No direct operating expenses incurred for investment properties that generated rental income.

8. SEGMENT INFORMATION

The directors of the Company consider that there is only one operating and reportable business segment for the Group, the provision of video conferencing and multimedia audiovisual solutions and maintenance services. 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 PRC and Singapore. The Group's customers are mainly located in Hong Kong, the PRC and Macau.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

8. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

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

	Revenue from external customers	
	2018 HK\$'000	2017 HK\$'000
Hong Kong (place of domicile)	145,529	116,644
The PRC	12,239	14,111
Macau	841	6,621
Singapore	—	737
	158,609	138,113

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

	Non-current assets	
	2018 HK\$'000	2017 HK\$'000
Hong Kong (place of domicile)	93,857	97,048
The PRC	39	64
	93,896	97,112

Non-current assets excluded deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2018		2017	
	HK\$'000		HK\$'000	
Customer A ¹		17,131		N/A

¹ The corresponding revenue for the year ended 31 March 2017 did not contribute over 10% of the total revenue of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

9. FINANCE COSTS

	2018 HK\$'000	2017 HK\$'000
Interest expenses on bank borrowings	882	1,159

10. INCOME TAX EXPENSES

	2018 HK\$'000	2017 HK\$'000
Current tax:		
– Hong Kong Profits Tax	3,357	3,496
– PRC Enterprise Income Tax	313	225
– Singapore Corporate Tax	–	49
	3,670	3,770
(Over) under provision in prior year		
– Hong Kong Profits Tax	(23)	283
	3,647	4,053
Deferred taxation (<i>note 24</i>)	35	213
Total income tax expenses for the year	3,682	4,266

- i) Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year ended 31 March 2018.
- 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% (2017: 25%) of the estimated assessable profits for the year ended 31 March 2018.
- iii) The Singapore subsidiary is in loss-making position for the current year and accordingly does not have any provision for Singapore Corporate Tax for the year ended 31 March 2018. Singapore Corporate Tax is calculated at the rate of 17% on the assessable profits for the year ended 31 March 2017.
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

10. INCOME TAX EXPENSES (Continued)

The income tax expenses 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:

	2018 HK\$'000	2017 HK\$'000
Profit before taxation	20,591	23,472
Tax at domestic income tax rate of 16.5% (2017: 16.5%)	3,398	3,873
Effect of different tax rate of subsidiaries operating in other jurisdictions	84	129
Tax effect of expense not deductible for tax purposes	285	196
Tax effect of income not taxable for tax purposes	(2)	(13)
Tax effect of tax loss not recognised	64	–
Utilisation of taxes losses previously not recognised	(11)	(132)
Tax exemption ⁽¹⁾	(113)	(70)
(Over) under provision in prior year	(23)	283
 Income tax expenses for the year	3,682	4,266

⁽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

	2018 HK\$'000	2017 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments (<i>note 13</i>)	6,436	5,248
Salaries (excluding directors' emoluments)	23,660	20,705
Retirement benefit scheme contributions (excluding directors' emoluments)	1,032	1,000
 Total staff costs	31,128	26,953
 Cost of inventories sold		77,011
Reversal of provision for write-down of inventories included in cost of inventories sold	(40)	(63)
Provision for write-down of inventories included in cost of inventories sold	408	87
Depreciation	3,258	3,216
Operating lease rentals in respect of rented premises	608	609
Auditor's remuneration	666	640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

12. EARNINGS PER SHARE

	2018 HK\$'000	2017 HK\$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	16,909	19,206
	2018 '000	2017 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	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 years ended 31 March 2018 and 2017.

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

(a) Directors' and chief executives' emoluments

The emoluments paid or payable to the executive directors who are also chief executives and other directors as follows:

For the year ended 31 March 2018

	Notes	Fees HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme Contributions HK\$'000	Total HK\$'000
Executive directors:						
Mr. Zhang Nai Xiong	(i)	-	-	-	-	-
Mr. Yau Wing Keung	(ii)	-	-	-	-	-
Mr. Chan Wing Yiu		-	802	408	-	1,210
Mr. Tong Sai Wong	(iii)	-	1,376	494	-	1,870
Mr. Chan Wing Lun		-	1,800	738	18	2,556
Non-executive directors:						
Dr. Wong King Keung		180	-	-	-	180
Mr. Lin Wing Ching	(iv)	120	-	-	-	120
Independent non-executive directors:						
Dr. Lai Wing Chueng	(iv)	100	-	-	-	100
Dr. Chan Man Hung	(iv)	100	-	-	-	100
Mr. Lum Pak Sum		150	-	-	-	150
Mr. Fong Chi	(ii)	50	-	-	-	50
Mr. Lai Hing Kwong Joseph	(ii)	50	-	-	-	50
Mr. Fung Chan Man Alex	(ii)	50	-	-	-	50
		800	3,978	1,640	18	6,436

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

13. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executives' emoluments (Continued)

For the year ended 31 March 2017

	Note	Fees HK\$'000	Salaries and other allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive directors					
Mr. Chan Wing Yiu		–	1,310	–	1,310
Mr. Tong Sai Wong	(i)	–	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

Notes:

- (i) Appointed and became chairman of the board of directors on 7 December 2017.
- (ii) Appointed on 7 December 2017.
- (iii) Stepped down as the chairman of the board on 7 December 2017 and remains as an executive director.
- (iv) Resigned on 7 December 2017.

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 2018 and 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

13. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2017: three) were the directors of the Company. Their emoluments are included in the disclosures in note 13(a) above. The emoluments of the remaining three (2017: two) individuals for the years ended 31 March 2018 and 2017 were as follows:

	2018 HK\$'000	2017 HK\$'000
Salaries	2,869	1,997
Performance related incentive payments	1,298	231
Retirement benefit scheme contributions	87	65
	4,254	2,293

Their emoluments were within the following bands:

	Number of individuals	
	2018	2017
Less than HK\$1,000,000	—	1
HK\$1,000,001 to HK\$2,000,000	3	1

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 2018 and 2017.

14. DIVIDEND

	2018 HK\$'000	2017 HK\$'000
Dividend recognised as distribution during the year 2017 final – HK1.0 cents per share (2017: 2016 final dividend – HK0.6 cents per share)	10,000	6,000

Subsequent to the end of the reporting period, a final dividend of HK0.8 cents per share in respect of the year ended 31 March 2018 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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 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 and 1 April 2017	91,568	1,323	1,412	2,447	499	97,249
Additions	–	–	29	–	–	29
Transferred from investment properties	1,680	–	–	–	–	1,680
Exchange adjustments	–	13	–	–	–	13
At 31 March 2018	93,248	1,336	1,441	2,447	499	98,971
ACCUMULATED DEPRECIATION						
At 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 and 1 April 2017	7,672	1,257	545	1,698	25	11,197
Provided for the year	2,438	39	231	218	100	3,026
Transferred from investment properties	44	–	–	–	–	44
At 31 March 2018	10,154	1,296	776	1,916	125	14,267
Carrying values						
At 31 March 2018	83,094	40	665	531	374	84,704
At 31 March 2017	83,896	66	867	749	474	86,052

- 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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

15. PROPERTY AND EQUIPMENT (Continued)

- ii) As at 31 March 2018, land and buildings with carrying amounts of approximately HK\$81,488,000 (2017: HK\$83,896,000) have been pledged to secure bank borrowings of approximately HK\$39,680,000 (2017: HK\$44,101,000).
- iii) All of the land and buildings are located in Hong Kong.
- iv) During the year ended 31 March 2018, the Group repossessed a carpark located in Hong Kong and reclassified such unit as property and equipment. The property was previously leased out to the individual third party which was previously classified as investment property. The carrying value of the unit on the date of reclassification amounted to HK\$1,636,000 (note 16).

16. INVESTMENT PROPERTIES

	Total HK\$'000
COST	
At 1 April 2016	9,647
Addition	1,680
	<hr/>
At 31 March 2017 and 1 April 2017	11,327
Transferred to property and equipment	(1,680)
	<hr/>
At 31 March 2018	9,647
	<hr/>
ACCUMULATED DEPRECIATION	
At 1 April 2016	9
Provided for the year	258
	<hr/>
At 31 March 2017 and 1 April 2017	267
Provided for the year	232
Transferred to property and equipment	(44)
	<hr/>
At 31 March 2018	455
	<hr/>
CARRYING VALUES	
At 31 March 2018	9,192
	<hr/>
At 31 March 2017	11,060

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

16. INVESTMENT PROPERTIES (Continued)

The fair value of the Group' investment property as at 31 March 2018 was approximately HK\$22,800,000 (2017: HK\$20,880,000), which was determined by the directors of the Company. The valuation performed by the directors of the Company was made with reference to recent market prices for properties in the similar locations and conditions.

As at 31 March 2018, an investment property with the carrying amount of approximately HK\$9,192,000 (2017: HK\$9,414,000) has been pledged to secure bank borrowings of approximately HK\$39,680,000 (2017: HK\$44,101,000).

17. INVENTORIES

	2018 HK\$'000	2017 HK\$'000
Finished goods	9,170	10,121

During the year ended 31 March 2018, there were sales of finished goods previously written down. As a result, a reversal of provision for write-down of finished goods of HK\$40,000 (2017: HK\$63,000) was recognised and included in cost of inventories sold.

18. TRADE RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Trade receivables	34,046	27,194

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

The Group does not hold any collateral over these balances.

The following is an ageing analysis of trade receivables, presented based on invoice dates at the end of each reporting period, which approximated the respective revenue recognition dates.

	2018 HK\$'000	2017 HK\$'000
0 to 30 days	14,023	9,742
31 to 60 days	8,071	6,073
61 to 120 days	7,590	5,557
121 to 365 days	2,781	5,096
Over 365 days	1,581	726
	34,046	27,194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

18. TRADE RECEIVABLES (Continued)

At 31 March 2018 and 31 March 2017, the ageing analysis of trade receivables that were past due but not impaired are as follows:

	2018 HK\$'000	2017 HK\$'000
0 to 30 days	8,071	6,073
31 to 60 days	4,463	747
61 to 120 days	3,127	4,810
121 to 365 days	2,781	5,096
Over 365 days	1,581	421
	20,023	17,147

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$20,023,000 (2017: HK\$17,147,000) 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 2018 and 2017, the directors of the Company consider that no allowance is necessary in respect of these balances.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Prepayments	1,326	1,237
Deposits	101	100
Other receivables	66	301
	1,493	1,638

20. BANK BALANCES AND CASH

The bank balances for the years ended 31 March 2018 and 31 March 2017 carried interest at the prevailing market rate.

The Group's bank balances and cash denominated in RMB amounted to approximately HK\$2,312,000 (2017: HK\$726,000). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

21. TRADE PAYABLES

	2018 HK\$'000	2017 HK\$'000
Trade payables	13,446	9,165

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

	2018 HK\$'000	2017 HK\$'000
0 to 60 days	9,293	5,248
61 to 90 days	1,324	378
Over 90 days	2,829	3,539
	13,446	9,165

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

	2018 HK\$'000	2017 HK\$'000
Accrued salary	4,580	1,720
Commission payable	2,525	1,133
Customer deposits (for trade)	2,350	1,680
Receipts in advance	2,624	1,550
Accrued expenses and other payables	1,547	1,220
	13,626	7,303

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

23. BANK BORROWINGS

	2018 HK\$'000	2017 HK\$'000
Secured mortgage loans	39,680	44,101
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreement):		
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	27,382	30,040
After five years	3,456	5,219
	39,680	44,101
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)	35,259	39,680
Carrying amount repayable within one year	4,421	4,421
Amounts shown under current liabilities	39,680	44,101

Borrowings comprise:

	Maturity Date	Effective interest rate	Carrying amount	
			2018 HK\$'000	2017 HK\$'000
Floating-rate borrowings:				
– HKD mortgage loans ^{(1) & (3)}	21/8/2021	2.31% (2017: 2.22%)	28,825	31,767
– HKD mortgage loans ^{(2) & (4)}	12/7/2025	2.10% (2017: 1.94%)	10,855	12,334
			39,680	44,101

(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 TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

23. BANK BORROWINGS (Continued)

Notes:

- (a) The bank borrowings are all denominated in HK\$.
- (b) All borrowings were guaranteed by the Company and its subsidiaries in Hong Kong for both years.
- (c) As at 31 March 2018, bank borrowings of approximately HK\$39,680,000 (2017: HK\$44,101,000) was secured by investment property and land and buildings of the Group with carrying amounts of HK\$9,192,000 and HK\$81,488,000 (2017: HK\$9,414,000 and HK\$83,896,000) 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:

	2018 HK\$'000	2017 HK\$'000
Deferred tax assets	267	175
Deferred tax liabilities	(769)	(642)
	(502)	(467)

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

	Accelerated depreciation allowance HK\$'000	Tax losses HK\$'000	Provision for write-down of inventory HK\$'000	Total HK\$'000
At 31 March 2016 and 1 April 2016	385	(55)	(76)	254
Charged (credit) to profit or loss during the year (<i>note 10</i>)	210	7	(4)	213
At 31 March 2017 and 1 April 2017	595	(48)	(80)	467
Charged (credit) to profit or loss during the year (<i>note 10</i>)	79	17	(61)	35
At 31 March 2018	674	(31)	(141)	502

At 31 March 2018, the Group had used tax losses of approximately HK\$1,008,000 (2017: HK\$791,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$190,000 (2017: HK\$292,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$818,000 (2017: HK\$499,000) due to the unpredictability of future profit streams. As at 31 March 2017 and 2018, all unrecognised tax loss may be carried forward indefinitely.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

25. SHARE CAPITAL

	Number of share 2018	Share capital 2018 HK\$'000	Number of share 2017	Share capital 2017 HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised				
At the beginning and the end of the financial year	2,000,000,000	20,000	2,000,000,000	20,000
Issued and fully paid				
At the beginning and the end of the financial year	1,000,000,000	10,000	1,000,000,000	10,000

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, pursuant to the group reorganisation in prior year.

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 2018 was HK\$522,000 (2017: HK\$548,000). Except for one of the Group's properties that was transferred from an investment property to property and equipment during the year ended 31 March 2018, the remaining property is expected to generate rental yields of 5.4% (2017: 4.8%) on an ongoing basis and have committed tenants for the next 0.75 years (2017: 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:

	2018 HK\$'000	2017 HK\$'000
Within one year	368	521
After one year but within five years	—	411
	368	932

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

27. OPERATING LEASE COMMITMENT (Continued)

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 (2017: 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:

	2018 HK\$'000	2017 HK\$'000
Within one year	162	242
After one year but within five year	—	97
	162	339

28. PLEDGE OF ASSETS

At 31 March 2018, investment property and land and building of approximately HK\$9,192,000 and HK\$81,488,000 (2017: HK\$9,414,000 and HK\$83,896,000) of the Group were pledged to secure banking borrowings facilities granted to the Group, respectively.

29. RETIREMENT BENEFIT SCHEME

The Group participates in a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance (the “ORSO Scheme”) and a Mandatory Provident Fund Scheme (the “MPF Scheme”) established under the Mandatory Provident Fund Schemes 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, capped at HK\$1,500 per month to the MPF scheme, in 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.

Pursuant to the regulations of the relevant authorities in the PRC, the subsidiary of the Company in this country participate in respective government retirement benefit schemes (the “Schemes”) whereby the subsidiary is 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 scheme contributions 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\$1,050,000 (2017: HK\$1,018,000) represents contributions payable to those schemes by the Group in respect of the current accounting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

30. RELATED PARTY TRANSACTIONS

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

- (a) Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

	2018 HK\$'000	2017 HK\$'000
Service income from a related company (note i)	1,500	–

The following balance was outstanding at the end of the reporting period:

	Amounts due from a related party		Maximum outstanding balance during the year	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Amount due from a related company (included in trade receivables) (note ii)	1,500	–	1,500	–

Notes:

- (i) The service income was made on a mutually agreed basis.
- (ii) The amount is unsecured, non-interest bearing and repayable on demand.

The related company is controlled and beneficially owned by a close family member of Mr. Zhong Naixiong, a director of the Company.

(b) **Compensation of key management personnel**

Other than the remuneration paid to the directors and senior management 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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 years ended 31 March 2018 and 2017.

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	1 April 2017 HK\$'000	Financing cash flows HK\$'000	Interest expense incurred HK\$'000	31 March 2018 HK\$'000
Bank borrowings (note 23)	44,101	(5,303)	882	39,680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

33. 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		2018	2017		
				%	%	%	%				
i-Control ITAV	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	
Eduseve 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	
i-Control (BVI) Limited (note)	BVI	Ordinary Shares	Ordinary Shares USD1	100	-	-	-	100	-	Inactive	
Pristine Capital Investments Limited (note)	BVI	Ordinary Shares	Ordinary Shares USD1	-	-	100	-	-	-	Inactive	

Note: Subsidiaries incorporated during the year 31 March 2018.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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

	2018 HK\$'000	2017 HK\$'000
Non-current asset		
Investments in subsidiaries	20,093	20,093
Current assets		
Other receivables	164	112
Amounts due from subsidiaries (note (i))	69,614	77,757
Tax recoverable	91	–
Bank balances and cash	1,189	2,304
	71,058	80,173
Current liabilities		
Other payables	2,271	940
Amounts due to subsidiaries (note (i))	2,820	3,263
Tax payables	–	72
	5,091	4,275
Net current assets	65,967	75,898
Net assets	86,060	95,991
Capital and reserves		
Share capital	10,000	10,000
Reserves (note (ii))	76,060	85,991
Total equity	86,060	95,991

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

34. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

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

	Share premium HK\$'000	Retained profit HK\$'000	Other reserve HK\$'000	Total HK\$'000
At 1 April 2016	71,344	53	20,093	91,490
Dividend	(6,000)	–	–	(6,000)
Profit for the year and total comprehensive income for the year	–	501	–	501
At 31 March 2017 and 1 April 2017	65,344	554	20,093	85,991
Dividend	(10,000)	–	–	(10,000)
Profit for the year and total comprehensive income for the year	–	69	–	69
At 31 March 2018	55,344	623	20,093	76,060

PARTICULARS OF PROPERTIES

1. PROPERTIES HELD FOR SELF USE

Location	Existing Use	Category of lease	Groups' interest	Market Value (HK\$'000) (Note)
Unit A, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon	Office	Medium term lease	100%	52,500
Unit B, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon	Office	Medium term lease	100%	29,000
Unit L, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon	Office	Medium term lease	100%	20,000
Units Nos. 32-40 & flat roofs Nos. 39-40, 5/F, Pacific Trade Centre, No.2 Kai Hing Road, Kowloon Bay, Kowloon	Warehouse and service centre	Medium term lease	100%	42,000
Car parking space P52, 2/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon	Carpark	Medium term lease	100%	2,200
Car parking space P53, 2/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon	Carpark	Medium term lease	100%	2,200
Car parking space P54, 2/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon	Carpark	Medium term lease	100%	2,200
Car parking space P85, 2/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon	Carpark	Medium term lease	100%	2,200
Car parking space P27, 2/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon	Carpark	Medium term lease	100%	2,200
Car parking space L22, Basement, Pacific Trade Centre, No.2 Kai Hing Road, Kowloon	Carpark	Medium term lease	100%	2,900
TOTAL				157,400

PARTICULARS OF PROPERTIES

2. PROPERTIES HELD FOR INVESTMENT

Location	Existing Use	Category of lease	Groups' interest	Market Value (HK\$'000) (Note)
Unit K, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon	Office	Medium term lease	100%	20,600
TOTAL				20,600

Note:

The market values of above properties were estimated by the Directors by using market comparable approach that reflects recent transaction prices for similar properties, adjusted for differences in the nature, location and conditions of the properties under review.

FINANCIAL SUMMARY

	Year ended 31 March				
	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000
Revenue	158,609	138,113	141,922	111,482	102,474
Profit before taxation	20,591	23,472	15,244	9,592	39,479
Profit for the year	16,909	19,206	11,990	5,565	35,980
Total comprehensive income for the year	17,179	19,106	12,075	5,416	35,980

	As at 31 March				
	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000
ASSETS AND LIABILITIES					
Total assets	203,492	190,292	193,529	98,879	107,504
Total liabilities	(68,162)	(62,141)	(78,484)	(75,016)	(81,416)
	135,330	128,151	115,045	23,863	26,088
Equity attributable to owners of the Company	135,330	128,151	115,045	21,838	23,614
Non-controlling interests	–	–	–	2,025	2,474
Total equity	135,330	128,151	115,045	23,863	26,088

Note:

The consolidated/combined results of the Group and the consolidated/combined assets and liabilities of the Group were extracted from the published audited financial statements of the Company.

Such summary was prepared if the current structure of the Group had been in existence throughout these financial years.