i-CONTROL HOLDINGS LIMITED
超智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8355)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

Characteristics of GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, 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 announcement 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 announcement misleading.*

ANNUAL RESULTS

The board of Directors (the "**Board**") is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2019, together with the comparative figures for the year ended 31 March 2018:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*4*	**185,714**	158,609
Cost of inventories sold		**(112,399)**	(96,166)
Staff cost		**(34,221)**	(31,128)
Depreciation		**(3,249)**	(3,258)
Other income and gain, net	*4*	**387**	421
Other operating expenses		**(6,612)**	(7,005)
Finance costs	*6*	**(1,083)**	(882)
Profit before taxation		**28,537**	20,591
Income tax expenses	*7*	**(5,034)**	(3,682)
Profit for the year attributable to owners of the Company	*8*	**23,503**	16,909
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(258)**	270
Total comprehensive income for the year attributable to owners of the Company		**23,245**	17,179
Earnings per share			
Basic and diluted	*9*	**HK2.35 cents**	HK1.69 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property and equipment		**89,117**	84,704
Investment properties		**1,568**	9,192
Deferred tax assets		**388**	267
		91,073	94,163
Current assets			
Inventories		**11,518**	9,170
Trade receivables and contract assets	*11*	**55,727**	34,046
Prepayments, deposits and other receivables		**1,539**	1,493
Tax recoverables		**43**	157
Bank balances and cash		**76,636**	64,463
		145,463	109,329
Current liabilities			
Trade payables	*12*	**25,159**	13,446
Other payables and accruals		**22,175**	13,626
Bank borrowings	*13*	**35,259**	39,680
Tax payables		**2,472**	641
		85,065	67,393
Net current assets		**60,398**	41,936
Total assets less current liabilities		**151,471**	136,099
Non-current liability			
Deferred tax liabilities		**896**	769
Net assets		**150,575**	135,330
Capital and reserves			
Share capital	*14*	**10,000**	10,000
Reserves		**140,575**	125,330
Total equity		**150,575**	135,330

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2019

	Attributable to the owners of the Company					
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Merger reserve** *HK$'000*	**Translation reserve** *HK$'000*	**Retained profits** *HK$'000*	**Total** *HK$'000*
At 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 *(note 10)*	–	(10,000)	–	–	–	(10,000)
At 31 March 2018 and 1 April 2018	10,000	55,344	10,817	148	59,021	135,330
Profit for the year	–	–	–	–	23,503	23,503
Other comprehensive income for the year:						
Exchange differences arising on translating foreign operations	–	–	–	(258)	–	(258)
Total comprehensive income for the year	–	–	–	(258)	23,503	23,245
Dividend *(note 10)*	–	(8,000)	–	–	–	(8,000)
At 31 March 2019	10,000	47,344	10,817	(110)	82,524	150,575

1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands on 21 August 2014 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The registered office of the Company is Estera Trust (Cayman) Limited, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and 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 since 27 May 2015. The Directors consider that the Company's immediate and ultimate holding company is Phoenix Time Holdings Limited which is incorporated in the British Virgin Islands (the "**BVI**"). Its ultimate controlling party is Mr. Zhong Naixiong.

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

Items included in the financial statements of 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and interpretations ("**Int(s)**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised below. The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 April 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue.

There was no impact on the transition to HKFRS 15 on the retained earnings at 1 April 2018.

The adoption of HKFRS 15 did not have material impact on the Group's consolidated statement of profit or loss and other comprehensive income for the current year and consolidated statement of financial position at 1 April 2018 except that: (i) approximately HK$716,000 previously included in trade receivables was reclassified to "contract assets" included in trade receivables and contract assets and (ii) "receipts in advance" and "customer deposits (for trade)" of approximately HK$2,624,000 and HK$2,350,000 respectively previously included in other payables and accruals was reclassified to "contract liabilities" included in other payables and accruals.

Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 March 2019 as a result of the adoption of HKFRS 15 on 1 April 2018

The adoption of HKFRS 15 has no impact on the Group's net operating, investing and financing cash flows, and on the Group's consolidated statement of financial position as at 31 March 2019 and consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 except that: (i) "contract assets" of approximately HK$1,876,000 included in trade receivables and contract assets reclassified to trade receivables and (ii) "contract liabilities" of approximately HK$12,047,000 included in other payables and accruals reclassified to "receipt in advance" and "customer deposits (for trade)" of approximately HK$2,698,000 and HK$9,349,000 respectively included in other payables and accruals if HKFRS 15 had not been applied.

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 April 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application, if any, are recognised in retained profits as at 1 April 2018.

The impacts of adoption of HKFRS 9 are summarised as follows:

Classification and measurement of financial instruments

The Directors reviewed and assessed the Group's existing financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that all recognised financial assets and financial liabilities that are within the scope of HKFRS 9 are continued to measure at amortised cost as were previously measured under HKAS 39.

Loss allowance for expected credit losses ("ECL")

The adoption of HKFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss model with a forward-looking ECL approach. As at 1 April 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of HKFRS 9.

It is concluded that, as at 1 April 2018, no additional credit loss allowance has been recognised against retained profits as the estimated allowance under the ECL model were not significantly different to the impairment losses previously recognised under HKAS 39.

Summary of effects arising from initial application of HKFRS 9

The table below summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets and reconciles the carrying amounts of financial assets under HKAS 39 to the carrying amounts under HKFRS 9 on 1 April 2018.

	Note	Carrying amount at 31 March 2018 (HKAS 39)	Impact on adoption of HKFRS 9 – Reclassification	Carrying amount under HKFRS 9 as restated at 1 April 2018*
		HK$'000	*HK$'000*	*HK$'000*
<u>Financial assets</u>				
Loan and receivables	a			
– Trade receivables		34,046	(34,046)	–
– Deposits and other receivables		167	(167)	–
– Bank balances and cash		64,463	(64,463)	–
At amortised cost	a			
– Trade receivables and contract assets		–	34,046	34,046
– Deposits and other receivables		–	167	167
– Bank balances and cash		–	64,463	64,463

* The amount in this column is before the adjustment from the application of HKFRS 15.

Note:

(a) As at 1 April 2018, the financial assets including trade receivables, deposits and other receivables and bank balances and cash previously classified as loan and receivables were reclassified to financial assets at amortised cost.

All the financial liabilities have not been impacted by the application of HKFRS 9 and continue to be classified and measured on the same basis as they were under HKAS 39.

New and revised HKFRSs issued but not yet effective

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2020.
3 Effective for business combinations and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
4 Effective for annual periods beginning on or after 1 January 2021.
5 Effective for annual periods beginning on or after a date to be determined.

The Directors anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the consolidated financial position 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.

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 Leases. 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.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$355,000 as disclosed in note 15. Such amount represents operating leases with original lease terms of over one year in which the Group will recognise right-to-use assets and corresponding lease liabilities unless they are exempt from the reporting obligations under HKFRS 16. The Directors expect that, apart from the changes in the measurement, presentation and disclosure as indicated above, the adoption of HKFRS 16 will not have other material impact on amounts reported in the Group's consolidated financial statements.

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 GEM Listing Rules 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.

4. REVENUE AND OTHER INCOME AND GAIN, NET

Revenue represents the amounts received and receivable from provision of solutions for audiovisual, conferencing, presentation and multimedia control systems, including installation services and audiovisual system maintenance services, net of discounts and sales related taxes and maintenance services income. Analysis of the Group's revenue and other income and gain, net is as follows:

	2019	2018*
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15 for the year ended 31 March 2019		
Disaggregated by major products or service line		
– Solutions for audiovisual, conferencing, presentation and multimedia control systems, including installation services	**169,649**	144,216
– Audiovisual system maintenance services	**16,065**	14,393
	185,714	158,609

* The amounts for the year ended 31 March 2018 were recognised under HKAS 18.

Disaggregation of revenue by timing of recognition

	Year ended 31 March 2019 *HK$'000*
Timing of revenue recognition	
At a point in time	**169,649**
Over time	**16,065**
Total revenue from contracts with customers	**185,714**

	2019 *HK$'000*	2018 *HK$'000*
Other income and gain, net		
Bank interest income	**44**	9
Exchange loss	**(53)**	(110)
Gross rental income from investment properties *(note)*	**396**	522
	387	421

Note: No direct operating expenses incurred for investment properties that generated rental income.

5. SEGMENT INFORMATION

The Directors consider that there is only one operating and reportable business segment for the Group, being the provision of video conferencing and multimedia audiovisual solutions, and maintenance services. This operating segment is reported in a manner consistent with the information reported to the Board, being the chief operating decision maker, for the purposes 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.

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

	Revenue from external customers	
	2019 *HK$'000*	2018 *HK$'000*
Hong Kong (place of domicile)	**180,018**	145,529
The PRC	**3,865**	12,239
Macau	**1,268**	841
Singapore	**563**	–
	185,714	158,609

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

	Non-current assets	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**90,679**	93,857
The PRC	**6**	39
	90,685	93,896

Note: 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:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**37,396**	17,131

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expenses on bank borrowings	**1,083**	882

7. INCOME TAX EXPENSES

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
– Hong Kong Profits Tax	**4,990**	3,357
– PRC Enterprise Income Tax	**–**	313
	4,990	3,670
Under (over) provision in prior year		
– Hong Kong Profits Tax	**(17)**	(23)
– PRC Enterprise Income Tax	**55**	–
	38	(23)
	5,028	3,647
Deferred taxation	**6**	35
Total income tax expenses for the year	**5,034**	3,682

i) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the year ended 31 March 2019, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. For the year ended 31 March 2018, Hong Kong profits tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

ii) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, PRC Enterprises Income Tax is calculated at 25% of the estimated assessable profits for the years ended 31 March 2019 and 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 at 17% for the years ended 31 March 2019 and 2018.

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.

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:

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation	**28,537**	20,591
Tax at domestic income tax rate of 16.5% (2018: 16.5%)	**4,709**	3,398
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(69)**	84
Tax effect of two-tiered profits tax rates regime	**(165)**	–
Tax effect of expense not deductible for tax purposes	**423**	285
Tax effect of income not taxable for tax purposes	**(3)**	(2)
Tax effect of tax loss not recognised	**185**	64
Utilisation of taxes losses previously not recognised	**–**	(11)
Tax exemption *(Note)*	**(84)**	(113)
Under (over) provision in prior year	**38**	(23)
Income tax expenses for the year	**5,034**	3,682

Note: Tax exemption represented a reduction of Hong Kong Profits Tax for the year of assessment 2018/2019 and 2017/2018 by 75%, subject to a ceiling of HK$20,000 and HK$30,000.

8. PROFIT FOR THE YEAR

	2019	2018
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments	**6,924**	6,436
Salaries (excluding directors' emoluments)	**26,210**	23,660
Retirement benefit scheme contributions (excluding directors' emoluments)	**1,087**	1,032
Total staff costs	**34,221**	31,128
Cost of inventories sold	**112,399**	96,166
Reversal of provision for write-down of inventories included in cost of inventories sold	**(77)**	(40)
Provision for write-down of inventories included in cost of inventories sold	**729**	408
Depreciation	**3,249**	3,258
Operating lease rentals in respect of rented premises	**603**	608
Auditor's remuneration	**698**	666

9. EARNINGS PER SHARE

	2019	2018
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**23,503**	16,909

	2019	2018
	'000	*'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 2019 and 2018.

10. DIVIDEND

	2019	2018
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year		
2018 Final – HK0.8 cents per share (2018: 2017 Final dividend – HK1.0 cents per share)	**8,000**	10,000

Dividend of HK$8,000,000 was paid during the year ended 31 March 2019. Subsequent to the end of the reporting period, a final dividend of HK1.2 cents (2018: HK0.8 cents) per share in respect of the year ended 31 March 2019 has been proposed by the Directors and is subject to approval by the shareholders of the Company (the "**Shareholders**") in the forthcoming general meeting.

11. TRADE RECEIVABLES AND CONTRACT ASSETS

	31 March 2019	1 April 2018	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	**53,851**	33,330	34,046
Contract assets	**1,876**	716	–
	55,727	34,046	34,046

At as 31 March 2019, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK$55,727,000 (1 April 2018: HK$34,046,000) of which approximately HK$1,876,000 (1 April 2018: HK$716,000) represented contract assets.

Contract assets are initially recognised for certain amount of revenue earned from provision of solutions for audiovisual, conferencing, presentation and multimedia control systems, including installation services as receipt of consideration is conditional on successful completion of retention period ranging from 1-5 years. The contract assets are transferred to trade receivables when the rights become unconditional. Upon completion of retention period, the amounts recognised as contract assets are reclassified to trade receivables. At 31 March 2019, contract assets of approximately HK$275,000 (1 April 2018: HK$595,000) are expected to be recovered after one year from the end of reporting period.

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

	31 March 2019	1 April 2018	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
0 to 30 days	**20,480**	14,003	14,023
31 to 60 days	**12,572**	8,071	8,071
61 to 120 days	**8,073**	7,526	7,590
121 to 365 days	**11,216**	2,744	2,781
Over 365 days	**1,510**	986	1,581
	53,851	33,330	34,046

Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and define appropriate credit limit. Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Included in the Group's trade receivable and contract assets balance as at 31 March 2019, approximately HK$12,938,000 (2018: HK$5,401,000), representing approximately 23% (2018: 16%) of the total trade receivables and contract assets, is due from the Group's largest debtor. There are no other customers who represent more than 5% of the total trade receivable balance as at the end of the reporting periods.

As at 31 March 2018, included in the Group's trade receivable balance were debtors with aggregate carrying amount of approximately HK$20,023,000 which were past due as at the end of the reporting period for which the Group had not provided for impairment loss because there has not been a significant change in credit quality and they were still considered as recoverable. The Group does not hold any collateral over these balances.

The ageing analysis of trade receivables which are past due but not impaired is set out below:

	31 March 2018 *HK$'000*
0 to 30 days	8,071
31 to 60 days	4,463
61 to 120 days	3,127
121 to 365 days	2,781
Over 365 days	1,581
	20,023

Since 1 April 2018, the Group measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience and creditworthiness of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The expected credit losses on contract assets are estimated based on past default experience on amounts not yet past due.

As at 31 March 2019, gross amount of trade receivables and contract assets amounting to approximately HK$55,727,000 arose from contracts with customers. No loss allowance has been made on trade receivables and contract assets as the amount is immaterial.

12. TRADE PAYABLES

	2019 ***HK$'000***	2018 *HK$'000*
Trade payables	**25,159**	13,446

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

	2019 ***HK$'000***	2018 *HK$'000*
0 to 60 days	**11,812**	9,293
61 to 90 days	**5,423**	1,324
Over 90 days	**7,924**	2,829
	25,159	13,446

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.

13. BANK BORROWINGS

	2019 *HK$'000*	2018 *HK$'000*
Secured mortgage loans	**35,259**	39,680
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
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	**24,440**	27,382
After five years	**1,977**	3,456
	35,259	39,680
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)	**30,838**	35,259
Carrying amount repayable within one year	**4,421**	4,421
Amounts shown under current liabilities	**35,259**	39,680

14. SHARE CAPITAL

	Number of share 2019 *'000*	**Share capital 2019** *HK$'000*	**Number of share 2018** *'000*	**Share capital 2018** *HK$'000*
Ordinary shares of HK$0.01 each				
Authorised				
At the beginning and the end of the financial year	2,000,000	20,000	2,000,000	20,000
Issued and fully paid				
At the beginning and the end of the financial year	1,000,000	10,000	1,000,000	10,000

15. OPERATING LEASE COMMITMENT

The Group as lessor

Property rental income earned during the year ended 31 March 2019 was HK$396,000 (2018: HK$522,000). 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 2019, the remaining property is expected to generate rental yields of 3.4% (2018: 5.4%) on an ongoing basis and have committed tenants for the next 0.21 years (2018: 0.75 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:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**11**	368

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 (2018: 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:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**256**	162
After one year but within five years	**99**	–
	355	162

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 services 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 continued to maintain and strengthen its position as one of the leading service providers of video conferencing and multimedia audiovisual solutions in Hong Kong and continued 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 2019		Year ended 31 March 2018	
	HK$'000	**%**	HK$'000	%
Solutions for audiovisual, conferencing, presentation and multimedia control systems, including installation services	**169,649**	**91.3**	144,216	90.9
Audiovisual system maintenance services	**16,065**	**8.7**	14,393	9.1
Total	**185,714**	**100.0**	158,609	100.0

Revenue

The Group's revenue increased by 17.1% from approximately HK$158,609,000 for the year ended 31 March 2018 to approximately HK$185,714,000 for the year ended 31 March 2019.

Revenue generated from solutions for audiovisual, conferencing, presentation and multimedia control systems, including installation services increased by approximately 17.6% from approximately HK$144,216,000 for the year ended 31 March 2018 to approximately HK$169,649,000 for the year ended 31 March 2019, which was mainly attributable to the completion of several sizable projects during the year ended 31 March 2019.

Revenue generated from audiovisual system maintenance services increased by approximately 11.6% from approximately HK$14,393,000 for the year ended 31 March 2018 to approximately HK$16,065,000 for the year ended 31 March 2019, 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.

Gross operating margin and gross operating margin ratio

Gross operating margin is calculated based on the revenue for the year minus the 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 17.4% from approximately HK$62,443,000 for the year ended 31 March 2018 to approximately HK$73,315,000 for the year ended 31 March 2019 which was in line with the increase in revenue for the year.

The gross operating margin ratio remained stable at approximately 39.5% for the year ended 31 March 2019 (2018: 39.4%).

Staff cost

Staff cost increased by 9.9% from approximately HK$31,128,000 for the year ended 31 March 2018 to approximately HK$34,221,000 for the year ended 31 March 2019 mainly due to (i) increase in sales commission resulting from increase in revenue and gross operating margin; (ii) increase in staff performance bonus due to higher achievements in sales target; and (iii) overall salary increment.

Depreciation

Depreciation expenses remained stable at approximately HK$3,249,000 for the year ended 31 March 2019 (2018: HK$3,258,000).

Other operating expenses

Other operating expenses decreased by 5.6% from approximately HK$7,005,000 for the year ended 31 March 2018 to approximately HK$6,612,000 for the year ended 31 March 2019 mainly due to decrease in legal and professional fees and trip and travelling expenses.

Finance costs

Finance costs increased by 22.8% from approximately HK$882,000 for the year ended 31 March 2018 to approximately HK$1,083,000 for the year ended 31 March 2019 as the general interest rate had increased during the year.

Income tax expenses

Income tax expenses increased from approximately HK$3,682,000 for the year ended 31 March 2018 to approximately HK$5,034,000 for the year ended 31 March 2019, which was mainly due to an increase in taxable profit in Hong Kong for the year.

Profit for the year

Profit for the year increased from approximately HK$16,909,000 for the year ended 31 March 2018 to approximately HK$23,503,000 for the year ended 31 March 2019, which was mainly due to (i) increase in revenue and gross operating margin and (ii) decrease in other operating expenses, which was partially offset by (iii) increase in staff cost and (iv) increase in finance costs.

DIVIDEND

The Board has proposed a payment of final dividend of HK1.2 cents per share for the year ended 31 March 2019, amounting to HK$12,000,000 in total (2018: HK0.8 cents per share, amounting to HK$8,000,000 in total).

The proposed final dividend will be payable to Shareholders whose name appear on the register of members of the Company on 19 August 2019, and are expected to be paid on 12 September 2019. There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operations 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 2019, the Group had net current assets of approximately HK$60,398,000 (2018: HK$41,936,000) and cash and cash equivalents of approximately HK$76,636,000 as at 31 March 2019 (2018: HK$64,463,000). Current liabilities of the Group included carrying amount of approximately HK$30,838,000 (2018: HK$35,259,000) in bank borrowings that were not repayable within one year from the end of reporting period but contained a repayment on demand clause.

GEARING RATIO

As at 31 March 2019, the gearing ratio (calculated on the basis of total debt divided by total assets) of the Group was approximately 14.9% (2018: 19.5%).

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENT

As at 31 March 2019, the Group did not have material capital commitments (2018: nil).

CAPITAL STRUCTURE

The Company's shares were 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 net debt, which includes bank borrowings, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of this review, the Directors 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

The Group did not have any plans for material investments or capital assets as of 31 March 2019.

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2019, land and buildings of approximately HK$88,048,000 (2018: HK$81,488,000) were pledged to secure banking facilities granted to the Group.

As at 31 March 2018, an investment property of approximately HK$9,192,000 was pledged to secure banking facilities granted to the Group. No investment property was pledged as at 31 March 2019.

CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 31 March 2019 (2018: nil).

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licenses. The Group has set up system and allocated 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 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.

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

ENVIRONMENTAL POLICY

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.

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 March 2019, the Group had no material acquisitions and disposals.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group employed 73 (2018: 68) 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.

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$' million*	Change in use of proceeds resolved on 30 March 2017 *HK$' million*	Planned use of proceeds subsequent to the change *HK$' million*	Actual use of proceeds during the Period *HK$' 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	15.9
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	2.3
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	2.4
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	64.6

The unused net proceeds from the Placing amounting to approximately HK$1.7 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 changing market conditions 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2019, none of the Company and its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Directors consider that incorporating the core elements of good corporate governance in the management structure and internal control procedures of the Group could help to balance the interest of the Shareholders, customers and employees of the Company. The Board has adopted the principles and the code provisions 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 2019, 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 2019.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting (the "**Annual General Meeting**") of the Company is scheduled to be held on 8 August 2019. A notice convening the Annual General Meeting will be issued and dispatched to Shareholders on 28 June 2019.

The register of members of the Company will be closed from 5 August 2019 to 8 August 2019 (both dates inclusive) during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares of the Company 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 (Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, with effect from 11 July 2019) for registration not later than 4:30 p.m. on 2 August 2019.

CLOSURE OF REGISTER OF MEMBERS FOR ENTITLEMENT TO THE PROPOSED FINAL DIVIDEND

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 15 August 2019 to 19 August 2019 (both dates inclusive) during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong (Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, with effect from 11 July 2019) for registration not later than 4:30 p.m. on 14 August 2019.

EVENT AFTER REPORTING PERIOD

The Board is not aware of any material event after the end of the reporting period and up to the date of this announcement that requires disclosure.

SCOPE OF WORK OF EXTERNAL AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statements of changes in equity and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited ("**SHINEWING**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2019. The work performed by SHINEWING in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by SHINEWING on the preliminary announcement.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") on 11 May 2015, which operates under a terms of reference approved by the Board. It is the Board's responsibility to ensure that an appropriate and effective risk management and internal control systems exist within the Group. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the initial establishment and the maintenance of risk management and internal control system and ethical standards for the Group's management to the Audit Committee. The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 March 2019.

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

Hong Kong, 25 June 2019

As at the date of this announcement, the executive Directors are Mr. Zhong Naixiong, Mr. Yau Wing Keung, Mr. Tong Sai Wong, Mr. Chan Wing Yiu and Mr. Chan Wing Lun; the non-executive Director is Dr. Wong King Keung and the independent non-executive Directors are Mr. Fong Chi, Mr. Fung Chan Man Alex, Mr. Lum Pak Sum and Mr. Mong Cheuk Wai.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting and the Company's website at www.i-controlholdings.com.