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i-CONTROL HOLDINGS LIMITED

超智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1402)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of i-Control Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2021, together with the comparative figures for the year ended 31 March 2020:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	4	145,380	158,504
Cost of sales		(88,557)	(90,856)
Staff cost		(35,207)	(35,448)
Depreciation		(3,282)	(3,375)
Other income and net gain	4	3,837	144
Other operating expenses		(6,922)	(6,706)
Finance costs	6	(582)	(1,149)
Transfer of listing expenses		–	(14,957)
Profit before taxation		14,667	6,157
Income tax expenses	7	(1,943)	(3,536)
Profit for the year	8	12,724	2,621
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		131	(136)
Total comprehensive income for the year		12,855	2,485

	2021	2020
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) for the year attributable to:		
Equity shareholders of the Company	12,789	2,621
Non-controlling interests	(65)	–
	<u>12,724</u>	<u>2,621</u>
Total comprehensive income for the year attributable to:		
Equity shareholders of the Company	12,918	2,485
Non-controlling interests	(63)	–
	<u>12,855</u>	<u>2,485</u>
Earnings per share		
Basic and diluted	<i>9</i> <u>HK1.28 cents</u>	<u>HK0.26 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Non-current assets			
Property and equipment		85,393	86,471
Investment property		–	1,529
Deferred tax assets		654	622
		<u>86,047</u>	<u>88,622</u>
Current assets			
Inventories		12,513	11,343
Trade receivables and contract assets	<i>11</i>	35,915	37,681
Prepayments, deposits and other receivables		2,491	1,461
Tax recoverables		2,010	144
Bank balances and cash		68,692	70,936
		<u>121,621</u>	<u>121,565</u>
Current liabilities			
Trade payables	<i>12</i>	16,427	18,555
Other payables and accruals		18,402	18,614
Lease liability		–	97
Bank borrowings	<i>13</i>	26,417	30,838
Tax payables		299	–
		<u>61,545</u>	<u>68,104</u>
Net current assets		<u>60,076</u>	<u>53,461</u>
Total assets less current liabilities		<u>146,123</u>	<u>142,083</u>
Non-current liability			
Deferred tax liabilities		1,208	1,023
Net assets		<u>144,915</u>	<u>141,060</u>
Capital and reserves			
Share capital	<i>14</i>	10,000	10,000
Reserves		134,978	131,060
Total equity attributable to equity shareholders of the Company		<u>144,978</u>	<u>141,060</u>
Non-controlling interests		(63)	–
Total equity		<u>144,915</u>	<u>141,060</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2021

	Attributable to the equity shareholders of the Company						Non- controlling interests	Total equity
	Share capital	Share premium	Merger reserve	Translation reserve	Retained profits	Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>		
At 1 April 2019	10,000	47,344	10,817	(110)	82,524	150,575	–	150,575
Profit for the year	–	–	–	–	2,621	2,621	–	2,621
Other comprehensive income for the year:								
Exchange differences arising								
on translating foreign operations	–	–	–	(136)	–	(136)	–	(136)
Total comprehensive income for the year	–	–	–	(136)	2,621	2,485	–	2,485
Dividend (<i>note 10</i>)	–	(12,000)	–	–	–	(12,000)	–	(12,000)
At 31 March 2020 and 1 April 2020	10,000	35,344	10,817	(246)	85,145	141,060	–	141,060
Profit for the year	–	–	–	–	12,789	12,789	(65)	12,724
Other comprehensive income for the year:								
Exchange differences arising								
on translating foreign operations	–	–	–	129	–	129	2	131
Total comprehensive income for the year	–	–	–	129	12,789	12,918	(63)	12,855
Dividend (<i>note 10</i>)	–	(9,000)	–	–	–	(9,000)	–	(9,000)
At 31 March 2021	<u>10,000</u>	<u>26,344</u>	<u>10,817</u>	<u>(117)</u>	<u>97,934</u>	<u>144,978</u>	<u>(63)</u>	<u>144,915</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2021

1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands on 21 August 2014 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The registered office of the Company is Ocorian Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and its headquarters and principal place of business in Hong Kong is Units A&B, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Directors consider that the immediate and ultimate holding company is Phoenix Time Holdings Limited which is incorporated in the British Virgin Islands (the “**BVI**”). Its ultimate controlling party is Mr. Zhong Naixiong.

The Company is engaged in investment holding while its principal subsidiaries are principally engaged in provision of video conferencing and multimedia audiovisual (“**VCMA**”) solution services and cloud-based Information Technology and Operational Technology (“**IT+OT**”) managed 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 respectively, the functional currency of the Company and other subsidiaries is HK\$.

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

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning 1 April 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to Hong Kong Accounting Standards (“ HKAS ”) 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts and Related Amendments ⁵
Amendments to HKFRS 3	Reference to Conceptual Framework ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle ³
Amendment to HKFRS 16	COVID-19 – Related Rent Concessions ⁴
2021 Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁶
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁵
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of accounting estimates ⁵
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁵

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

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 June 2020

⁵ Effective for annual periods beginning on or after 1 January 2023

⁶ Effective for annual periods beginning on or after 1 April 2021

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

4. REVENUE AND OTHER INCOME AND NET GAIN

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service line		
– VCMA solution services	123,083	141,172
– VCMA maintenance services	18,777	17,332
– Cloud-based IT+OT managed services	3,520	–
	<u>145,380</u>	<u>158,504</u>
Disaggregation of revenue by timing of recognition		
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Timing of revenue recognition		
At a point in time	125,734	141,172
Over time	19,646	17,332
	<u>145,380</u>	<u>158,504</u>
Total revenue from contracts with customers		
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other income and net gain		
Government grants (note)	3,447	–
Net exchange gain	206	68
Write off of trade payables	68	–
Bank interest income	61	73
Gain on disposal of property and equipment	55	–
Gross rental income from investment property	–	6
Write off of property and equipment	–	(3)
	<u>3,837</u>	<u>144</u>

Note: During the year ended 31 March 2021, the Group recognised government grants of approximately HK\$3,447,000 (2020: nil) in respect of COVID-19-related subsidies related to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region under the Anti-epidemic Fund. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

5. SEGMENT INFORMATION

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

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

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

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

The provision of cloud-based IT+OT managed services was commenced during the year ended 31 March 2021 as the Group diversified its operation during the year. Therefore, a new segment in respect of provision of cloud-based IT+OT managed services was disclosed in the current year.

(a) Segment revenue and results

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

	Provision of VCMA solution and maintenance services		Provision of cloud-based IT+OT managed services		Total	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
For the year ended 31 March						
Segment revenue – external customers	<u>141,860</u>	<u>158,504</u>	<u>3,520</u>	<u>–</u>	<u>145,380</u>	<u>158,504</u>
Segment results	<u>23,473</u>	<u>33,102</u>	<u>(430)</u>	<u>–</u>	<u>23,043</u>	<u>33,102</u>
Unallocated other income and net gain					<u>3,770</u>	<u>144</u>
Unallocated expenses					<u>(12,146)</u>	<u>(27,089)</u>
Profit before tax					<u>14,667</u>	<u>6,157</u>

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

(b) **Segment assets and liabilities**

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

	Provision of VCMA solution and maintenance services		Provision of cloud-based IT+OT managed services		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 March						
Segment assets	<u>47,085</u>	<u>51,107</u>	<u>3,917</u>	<u>–</u>	<u>51,002</u>	<u>51,107</u>
Unallocated assets					<u>156,666</u>	<u>159,080</u>
Total assets					<u>207,668</u>	<u>210,187</u>
Segment liabilities	<u>(25,714)</u>	<u>(32,418)</u>	<u>(4,940)</u>	<u>–</u>	<u>(30,654)</u>	<u>(32,418)</u>
Unallocated liabilities					<u>(32,099)</u>	<u>(36,709)</u>
Total liabilities					<u>(62,753)</u>	<u>(69,127)</u>

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

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

(c) **Other segment information**

	Provision of VCMA solution and maintenance services		Provision of cloud-based IT+OT managed services		Unallocated		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:								
Addition to property and equipment	40	71	–	–	1,120	400	1,160	471
Disposal of property and equipment	–	–	–	–	(484)	–	(484)	–
Depreciation of property and equipment	613	705	–	–	2,654	2,631	3,267	3,336
Provision for write-down of inventories	271	1,499	–	–	–	–	271	1,499
Reversal of provision for write-down of inventories	–	(198)	–	–	–	–	–	(198)
Write-off of trade payables	(68)	–	–	–	–	–	(68)	–

(d) Geographical information

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

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

	Revenue from external customers	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong (place of domicile)	139,463	155,328
The PRC	4,846	2,451
Macau	1,071	725
	<u>145,380</u>	<u>158,504</u>

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

	Non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong (place of domicile)	85,386	87,994
The PRC	7	6
	<u>85,393</u>	<u>88,000</u>

Note: Non-current assets excluded deferred tax assets.

(e) Information about major customers

No revenue from individual external customer contributed over 10% of total revenue of the Group for the year ended 31 March 2021.

Revenue from customers for the year ended 31 March 2020 contributing over 10% of the total sales of the Group is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	<u>N/A¹</u>	<u>16,061</u>

¹ Contributed less than 10% of total sales

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on bank borrowings	580	1,142
Interest on lease liability	2	7
	<u>582</u>	<u>1,149</u>

7. INCOME TAX EXPENSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
– Hong Kong Profits Tax	1,790	3,759
– PRC Enterprise Income Tax	–	54
	<u>1,790</u>	<u>3,813</u>
Over provision in prior year		
– Hong Kong Profits Tax	–	(170)
	<u>–</u>	<u>(170)</u>
	1,790	3,643
Deferred taxation	153	(107)
	<u>1,943</u>	<u>3,536</u>

- i) Under the two-tiered profits tax rates regime in Hong Kong, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. For the year ended 31 March 2021, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.
- ii) Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, PRC Enterprises Income Tax is calculated at 25% of the estimated assessable profits for the years ended 31 March 2021 and 2020.
- 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 2021 and 2020.
- 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit before taxation	<u>14,667</u>	<u>6,157</u>
Tax at domestic income tax rate of 16.5% (2020: 16.5%)	2,420	1,016
Effect of different tax rate of subsidiaries operating in other jurisdictions	(55)	19
Tax effect of two-tiered profits tax rates regime	(165)	(165)
Tax effect of expense not deductible for tax purposes	348	2,777
Tax effect of income not taxable for tax purposes	(604)	(12)
Tax effect of tax loss not recognised	172	204
Utilisation of taxes losses previously not recognised	(123)	(62)
Tax exemption (note)	(50)	(71)
Over provision in prior year	–	(170)
Income tax expenses for the year	<u>1,943</u>	<u>3,536</u>

Note: Tax exemption represented a reduction of Hong Kong Profits Tax for the years of assessment 2020/2021 and 2019/2020 by 100%, subject to a ceiling of HK\$10,000 and HK\$20,000 respectively.

8. PROFIT FOR THE YEAR

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments	7,946	8,249
Salaries (excluding directors' emoluments)	25,966	26,079
Retirement benefit scheme contributions (excluding directors' emoluments)	<u>1,295</u>	<u>1,120</u>
Total staff costs	<u>35,207</u>	<u>35,448</u>
Cost of inventories sold including installation cost	88,184	90,856
Reversal of provision for write-down of inventories (included in cost of sales)	–	(198)
Provision for write-down of inventories (included in cost of sales)	271	1,499
Depreciation for property and equipment and right-of-use asset	3,267	3,336
Depreciation for investment property	16	39
Auditor's remuneration	<u>725</u>	<u>586</u>

9. EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<u>12,789</u>	<u>2,621</u>
	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,000,000</u>	<u>1,000,000</u>

The dilutive earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2021 and 2020.

10. DIVIDEND

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividend recognised as distribution during the year		
2020 Final – HK0.90 cents per share		
(2020: 2019 Final dividend – HK1.20 cents per share)	<u>9,000</u>	<u>12,000</u>

Dividend of HK\$9,000,000 was paid during the year ended 31 March 2021 (2020: HK\$12,000,000). Subsequent to the end of the reporting period, a final dividend of HK0.65 cents (2020: HK0.90 cents) per share in respect of the year ended 31 March 2021 has been proposed by the Directors and is subject to approval by the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting of the Company.

11. TRADE RECEIVABLES AND CONTRACT ASSETS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	35,637	37,367
Contract assets	278	314
	<u>35,915</u>	<u>37,681</u>

As at 31 March 2021, the gross amount of trade receivables and contract assets arising from contracts with customers amounted to approximately HK\$35,915,000 (2020: HK\$37,681,000) of which approximately HK\$278,000 (2020: HK\$314,000) represented contract assets.

As at 31 March 2021, trade receivables of approximately HK\$258,000 (2020: nil) represented trade receivables from a related company.

Contract assets are initially recognised for certain amount of revenue earned from provision of VCMA solution services as receipt of consideration is conditional on successful completion of retention period ranged 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 2021, contract assets of approximately HK\$37,000 (2020: HK\$267,000) are expected to be recovered after one year from the end of reporting period.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 30 days	15,823	11,569
31 to 60 days	6,712	4,977
61 to 120 days	4,464	6,884
121 to 365 days	4,987	11,185
Over 365 days	3,651	2,752
	<u>35,637</u>	<u>37,367</u>

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.

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 and contract assets 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.

No loss allowance was made on the balances during the years ended 31 March 2021 and 2020 as the loss rate is close to zero.

12. TRADE PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	<u>16,427</u>	<u>18,555</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 to 60 days	8,974	8,914
61 to 90 days	834	1,172
Over 90 days	<u>6,619</u>	<u>8,469</u>
	<u>16,427</u>	<u>18,555</u>

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

13. BANK BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Secured mortgage loans	<u>26,417</u>	<u>30,838</u>
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	21,481	4,421
More than one year but not exceeding two years	4,439	21,481
More than two years but not exceeding five years	497	4,439
After five years	<u>–</u>	<u>497</u>
	<u>26,417</u>	<u>30,838</u>
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	4,936	26,417
Carrying amount repayable within one year	<u>21,481</u>	<u>4,421</u>
Amounts shown under current liabilities	<u>26,417</u>	<u>30,838</u>

14. SHARE CAPITAL

	Number of share	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised		
At 31 March 2020, 1 April 2020 and 31 March 2021	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid		
At 31 March 2020, 1 April 2020 and 31 March 2021	<u>1,000,000,000</u>	<u>10,000</u>

15. CAPITAL COMMITMENT

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Capital contribution to financial assets at fair value through other comprehensive income (“FVTOCI”)	<u>2,368</u>	<u>–</u>

Note: Top Luck Development Limited (祥高發展有限公司) (“**Top Luck**”), a wholly-owned subsidiary of the Company has entered into a shareholders’ agreement with two independent third parties of the Group and a related company, which is controlled and substantially owned by Mr. Zhong Naixiong, a director of the Company, in relation to a commitment of capital contribution of RMB2,000,000 in the investment in a 4% equity interest of Changzhou Guoyun Green Data Technology Co., Limited* (常州國雲綠色數據技術有限公司) (“**Changzhou Guoyun**”). This investment is considered as financial assets at FVTOCI as it is held for long term investment purpose.

* *English name for identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

During the global COVID-19 pandemic, the Hong Kong economy was hit hard by four waves of outbreaks of the virus, resulting in a 6.1% fall in GDP. The vacancy rate for Hong Kong's commercial property market surged to a 16-year high of 12%, greatly reducing demand for installing and upgrading smart office systems, audiovisual equipment and related services.

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

However, we anticipate that global public cloud services will continue to post dramatic growth. According to IDC Report, in 2020 the global public cloud services market (IaaS/PaaS/SaaS) grew by 24.1% YoY to USD312.42 billion, while the PRC market posted even higher YoY growth of 49.7% to USD19.38 billion. The IDC Report added that growth from the PRC's public cloud services market will account for 10.5% of total global growth in 2024, up from 6.5% in 2020. Therefore, we believe that our integrated VCMA total solutions can cater for various fast-emerging trends among the business sector in developing cloud-based business operations.

According to IDCNova, the market value of the PRC's IDC business reached RMB223.87 billion, representing a YoY increase of 43.3% in 2020. This was due to a significant increase in data traffic and higher demand for cloud-based services. Furthermore, ReportLinker forecasts that the PRC IDC market will register compound annual growth rate of 10% during 2021 to 2026.

Notes:

"IDC Report"	The purchased data on the worldwide public cloud services market prepared and published by International Data Corporation, an independent international provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets
"IDCNova"	A professional industrial media, event organiser and consultation organization headquartered in Beijing, China with focuses on Internet Data Center, Cloud Computing industries and other emerging technologies industry
"ReportLinker"	A France-based professional search engine company that uses artificial intelligence to offer market data and forecast reports

BUSINESS REVIEW

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

From the commercial through to the retail sector, Hong Kong’s business environment was adversely affected by the COVID-19 pandemic, posing a short-term threat to the Group’s VCMA solutions business which experienced falling demand for smart office systems, audiovisual equipment and related services. Moreover, sales of hi-tech digital display products were hurt by the postponement and cancellation of onsite business conferences, closure of shopping centers, and suspension of public events.

During the Reviewing Year, the Group expanded into the PRC’s ubiquitous internet of things (“**IoT**”) by offering integrated IT+OT managed services. On 4 February 2021, the Group formed an 85% owned joint venture, Beijing National Greenfield Technology Co. Limited* (北京能興國雲信息科技有限公司) (“**Beijing National Greenfield**”), which focuses on offering integrated IoT cloud services. Beijing National Greenfield commenced operations in late 2020 and began generating revenue in the first quarter of 2021 and recorded approximately HK\$3,520,000 of revenue. Provision of cloud-based IT+OT managed services is expected to become a key revenue driver for the Group in the coming few years.

On 5 March 2021, we also acquired a 4% stake in Changzhou Guoyun which owns a plot of land in Changzhou, the PRC’s innovation hub for technology enterprises. This plot is being developed into a smart and sustainable internet data center (“**IDC**”) that is expected to be completed by end of 2021.

FINANCIAL REVIEW

Segment analysis

	Year ended 31 March 2021		Year ended 31 March 2020	
	HK\$’000	%	HK\$’000	%
VCMA solution services	123,083	84.7	141,172	89.1
VCMA maintenance services	18,777	12.9	17,332	10.9
Cloud-based IT+OT managed services	3,520	2.4	–	–
Total	<u>145,380</u>	<u>100.0</u>	<u>158,504</u>	<u>100.0</u>

* English names for identification purposes only

Revenue

The Group's revenue decreased by approximately 8.3% from approximately HK\$158,504,000 for the year ended 31 March 2020 to approximately HK\$145,380,000 for the year ended 31 March 2021.

Revenue generated from VCMA solution services decreased by approximately 12.8% from approximately HK\$141,172,000 for the year ended 31 March 2020 to approximately HK\$123,083,000 for the year ended 31 March 2021, which was mainly attributable to the projects completed during the year ended 31 March 2021 being less sizable and the outbreak of COVID-19 in Hong Kong and the PRC.

Revenue generated from VCMA maintenance services increased by approximately 8.3% from approximately HK\$17,332,000 for the year ended 31 March 2020 to approximately HK\$18,777,000 for the year ended 31 March 2021, which was primarily attributable to the increase in total maintenance projects after the completion of related projects of VCMA solution services.

Revenue generated from cloud-based IT+OT managed services amounted to approximately HK\$3,520,000.

Gross operating profit and gross operating profit margin

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

Gross operating profit decreased by approximately 16.0% from approximately HK\$67,648,000 for the year ended 31 March 2020 to approximately HK\$56,823,000 for the year ended 31 March 2021 which was in line with the decrease in revenue for the year.

The gross operating profit margin slightly decreased to approximately 39.1% for the year ended 31 March 2021 (2020: 42.7%).

Staff cost

Staff cost decreased by approximately 0.7% from approximately HK\$35,448,000 for the year ended 31 March 2020 to approximately HK\$35,207,000 for the year ended 31 March 2021 mainly due to overall salary increment set off with decrease in staff commission.

Depreciation

Depreciation expenses remained stable at approximately HK\$3,282,000 for the year ended 31 March 2021 (2020: HK\$3,375,000).

Other operating expenses

Other operating expenses increased by approximately 3.2% from approximately HK\$6,706,000 for the year ended 31 March 2020 to approximately HK\$6,922,000 for the year ended 31 March 2021 mainly due to increase in legal and professional fees.

Finance costs

Finance costs decreased by approximately 49.3% from approximately HK\$1,149,000 for the year ended 31 March 2020 to approximately HK\$582,000 for the year ended 31 March 2021 as the general interest rate had decreased during the Reviewing Year.

Income tax expenses

Income tax expenses decreased from approximately HK\$3,536,000 for the year ended 31 March 2020 to approximately HK\$1,943,000 for the year ended 31 March 2021, which was mainly due to a decrease in taxable profit in Hong Kong for the year.

Profit for the year

Profit for the year increased from approximately HK\$2,621,000 for the year ended 31 March 2020 to approximately HK\$12,724,000 for the year ended 31 March 2021, which was mainly due to the absence of non-recurring transfer of listing expenses incurred in relation to the transfer of listing of the shares (“**Shares**”) of the Company from GEM to the Main Board of the Stock Exchange in December 2019 as well as government subsidies from the Employment Support Scheme.

The Group’s adjusted profit for the year ended 31 March 2021 would be approximately HK\$9,277,000 (2020: HK\$17,578,000 excluded the transfer of listing expenses) excluding the subsidy from Employment Support Scheme.

PROSPECT

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

In terms of cloud-based IT+OT managed services, Beijing National Greenfield in June 2021 entered into a 5-year OEM agreement with Micro Focus Singapore entity for its ArcSight product in the PRC. Micro Focus is a world leading enterprise software company. Pursuant to the agreement, Beijing National Greenfield not only has OEM authorization to offer ArcSight, a “safe operation service”, under its own brand, it also obtained authorization to be Micro Focus’s cloud management service provider in the PRC. This agreement both enables Beijing National Greenfield to quickly achieve core competitiveness and also sends an important message to the market – that a startup company has a great future ahead of it. ArcSight is a cyber-security product which provides big data security analytics and intelligence software for Security Information and Event Management (SIEM), and log management.

The Group expects that cloud-based IT+OT managed services will become a key revenue contributor from 2022 onwards due to surging demand for data security and one-stop smart IDC and IT services. Our cloud-based IT+OT managed services will include Security Operation Centers (SOC), focusing on data security services, and digital operations business which mainly comprises smart IDC and IT services, and operations management.

Mindful of the Chinese Government’s nation-wide target to achieve “peak emissions of carbon dioxide by 2030 and carbon neutrality before 2060”, it is expected that the IDC being developed by Changzhou Guoyun will adhere to sustainable operational and management principles. The Group understands that its potential customer base of major corporations, multinationals and start-up enterprises all regard sustainable development as a core business value. We believe that our equity interest in Changzhou Guoyun will become a valuable asset in our investment portfolio.

We also believe that our extensive experience in VCMA solutions, promising future of the public cloud services market, and strong management team leading our Beijing National Greenfield will all enable the Group to achieve rapid growth in the coming years. We will strive to complete our IoT infrastructure and services platform and leverage our strong relationship with Changzhou Guoyun to establish a comprehensive IoT and IDC business presence in the PRC. We will adopt a prudent yet proactive development strategy and continue to identify potential investment opportunities, seizing every opportunity to build sustainable success, and delivering satisfactory long-term returns to our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operations and investments were financed principally by cash generated from its own business operations and bank borrowings. As at 31 March 2021, the Group had net current assets of approximately HK\$60,076,000 (2020: HK\$53,461,000) and cash and cash equivalents of approximately HK\$68,692,000 (2020: HK\$70,936,000). Current liabilities of the Group as at 31 March 2021 included carrying amount of approximately HK\$26,417,000 (2020: HK\$30,838,000) 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 2021, the gearing ratio (calculated on the basis of total debt divided by total assets) of the Group was approximately 12.7% (2020: 14.7%).

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENT

Details of capital commitments are set out in note 15 to the consolidated financial statements in this announcement.

CAPITAL STRUCTURE

The Company's Shares were listed on GEM since 27 May 2015 (the "**Listing**"). On 18 December 2019, the Company successfully transferred the listing of its Shares from GEM to the Main Board of the Stock Exchange. There has been no change in the Company's capital structure since the date of Listing and up to the date of this announcement.

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

As announced by the Company in its announcement dated 25 March 2021, it is contemplated that Changzhou Guoyun may need to increase its registered capital for the purpose of funding the development of the IDC. The amount of the additional registered capital and time for contribution of the same is yet to be agreed as at the date of this announcement. Save as aforesaid, the Group did not have any plans for material investments or capital assets as of 31 March 2021.

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2021, land and buildings of approximately HK\$82,786,000 (2020: HK\$85,417,000) were pledged to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 31 March 2021 (2020: nil).

COMPLIANCE WITH LAWS AND REGULATIONS

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

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

ENVIRONMENTAL POLICY

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

MATERIAL ACQUISITIONS AND DISPOSALS

As disclosed in the Company's announcement dated 4 February 2021, a wholly-owned subsidiary of the Company, Perfect Mark Investments Limited (卓兆投資有限公司) (“**Perfect Mark**”), entered into a joint venture agreement with Mr. Hua Weisheng (“**Mr. Hua**”), an independent third party of the Company and its connected persons, in relation to Beijing National Greenfield for Beijing National Greenfield to be held as to 85% by Perfect Mark and as to 15% by Mr. Hua. Beijing National Greenfield was established in the PRC in August 2020 which commenced business in late 2020, focusing on IoT cloud services, cyber security operation center products and services, digital IT operation command center services, cloud migration services, IDC digital management products and services, digital transformation consulting services.

In addition, as disclosed in the announcements dated 5 March 2021 and 25 March 2021, a wholly-owned subsidiary of the Company, Top Luck entered into an equity transfer agreement with a third party independent of the Company and its connected persons in respect of the acquisition by Top Luck of 4% equity interest in Changzhou Guoyun, a company which was then 58.2% beneficially owned by Mr. Hua and his spouse, with the other 37.8% held by an individual independent of the Company and its connected persons and on 25 March 2021, Guangdong Nenking Culture Communication Co., Ltd.* (廣東能興文化傳播有限公司) (“**Guangdong Nenking**”), of which Mr. Zhong Naixiong, the controlling shareholder of the Company, has a 93.44% effective interest, has acquired an aggregate of 45% equity interest in Changzhou Guoyun from the other shareholders of Changzhou Guoyun. Accordingly, Changzhou Guoyun is now held as to 4% by Top Luck, 45% by Guangdong Nenking, 12.8% by an individual independent of the Company and its connected persons and the other 38.2% beneficially owned by Mr. Hua and his spouse. Changzhou Guoyun holds a piece of land in Rulin Town, Jintan District, Changzhou, PRC with an area of approximately 36,259 square meters which is now under development into an IDC.

Save as disclosed in these announcements, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reviewing Year, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed 71 (2020: 70) 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 FROM THE LISTING

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\$66,300,000. 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. As at 31 March 2021, all net proceeds from the Placing have been fully utilised.

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

	Planned use of proceeds as stated in the prospectus dated 14 May 2015 <i>HK\$' million</i>	Change in use of proceeds resolved on 30 March 2017 <i>HK\$' million</i>	Planned use of proceeds subsequent to the change <i>HK\$' million</i>	Actual use of proceeds up to 31 March 2021 <i>HK\$' million</i>	Unused net proceeds as at		
					31 March 2019 <i>HK\$' million</i>	31 March 2020 <i>HK\$' million</i>	31 March 2021 <i>HK\$' million</i>
To recruit experienced sales staff to expand the VCMA 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	2.0	1.7	1.2	-
For working capital and other general corporate purposes	6.0	-	6.0	6.0	-	-	-
TOTAL	66.3	-	66.3	66.3	1.7	1.2	-

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2021, none of the Company and its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

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

To the best knowledge of the Board, the Company has complied with the CG Code during the year ended 31 March 2021 and up to the date of this announcement saved as specified and explained below:

Code Provision A.6.7

Code provision A.6.7 stipulates, among other things, that the independent non-executive directors and other non-executive directors should attend general meetings. Mr. Mong Cheuk Wai, a former independent non-executive Director, was absent from the 2020 annual general meeting held on 7 August 2020 due to other business engagements.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Model Code**”) on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all Directors, was not aware of any non-compliance with the Model Code during the year ended 31 March 2021.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors have recommended the payment of a final dividend out of the share premium account under reserves of the Company of HK0.65 cents (2020: HK0.90 cents) per share to the Shareholders whose names are on the register of members of the Company on Tuesday, 7 September 2021. Subject to approval by the Shareholders at the forthcoming annual general meeting of the Company (the “**AGM**”) and compliance with the Companies Law of the Cayman Islands, the final dividend will be paid on Wednesday, 29 September 2021, and the register of members of the Company will be closed from Friday, 3 September 2021 to Tuesday, 7 September 2021, both dates 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 2 September 2021.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The AGM is scheduled to be held on Thursday, 26 August 2021. A notice convening the AGM will be issued and despatched to the Shareholders on or before Friday, 23 July 2021.

The register of members of the Company will be closed from Monday, 23 August 2021 to Thursday, 26 August 2021 (both dates inclusive) during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 20 August 2021.

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 2021 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 2021. 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 2021.

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

Hong Kong, 24 June 2021

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. Li Ying Wai Wayne.