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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 2023

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 2023, together with the comparative figures for the year ended 31 March 2022:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 March 2023

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Revenue	4	157,844	171,448
Cost of sales		(97,499)	(110,584)
Staff cost		(41,394)	(39,201)
Depreciation and amortisation		(4,360)	(3,037)
Other income and net gain	4	1,160	331
Other operating expenses		(8,157)	(9,880)
Finance costs	6	(710)	(371)
Profit before taxation		6,884	8,706
Income tax expenses	7	(1,644)	(2,021)
Profit for the year	8	5,240	6,685
Other comprehensive income (expenses)			
Item that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial asset at fair value through other comprehensive income (“ FVTOCI ”)		5,124	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		(869)	358
		4,255	358
Total comprehensive income for the year		9,495	7,043

	<i>Notes</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Profit (loss) for the year attributable to:			
Equity shareholders of the Company		5,739	6,697
Non-controlling interests		(499)	(12)
		<u>5,240</u>	<u>6,685</u>
Total comprehensive income (expenses) for the year attributable to:			
Equity shareholders of the Company		10,057	7,084
Non-controlling interests		(562)	(41)
		<u>9,495</u>	<u>7,043</u>
Earnings per share			
Basic	<i>9</i>	<u>HK0.55 cents</u>	<u>HK0.65 cents</u>
Diluted	<i>9</i>	<u>HK0.55 cents</u>	<u>HK0.65 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Property and equipment		80,727	82,856
Intangible assets		11,523	–
Financial assets at FVTOCI	<i>11</i>	13,710	8,586
Prepayments		–	4,416
Deferred tax assets		477	805
		106,437	96,663
Current assets			
Inventories		19,820	17,902
Trade receivables and contract assets	<i>12</i>	49,616	44,238
Prepayments, deposits and other receivables		2,847	5,017
Loan to an investee	<i>11</i>	8,001	8,586
Tax recoverables		–	356
Bank balances and cash		49,437	71,034
		129,721	147,133
Current liabilities			
Trade payables	<i>13</i>	15,347	20,131
Other payables and accruals		19,766	24,255
Lease liabilities		333	–
Bank borrowings	<i>14</i>	18,431	22,527
Tax payables		322	312
		54,199	67,225
Net current assets		75,522	79,908
Total assets less current liabilities		181,959	176,571
Non-current liabilities			
Deferred tax liabilities		1,339	1,483
Lease liabilities		125	–
		1,464	1,483
Net assets		180,495	175,088
Capital and reserves			
Share capital	<i>15</i>	10,505	10,505
Reserves		168,938	163,799
Total equity attributable to equity shareholders of the Company		179,443	174,304
Non-controlling interests		1,052	784
Total equity		180,495	175,088

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2023

	Attributable to the equity shareholders of the Company											
	Shares held under		Share premium	Merger reserve	Employee share-based		Statutory surplus reserve	Investment revaluation reserve	Retained profits	Total	Non-controlling interest	Total equity
	Share capital	share award scheme			compensation reserve	Translation reserve						
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2021	10,000	-	26,344	10,817	-	(117)	-	-	97,934	144,978	(63)	144,915
Profit (loss) for the year	-	-	-	-	-	-	-	-	6,697	6,697	(12)	6,685
Other comprehensive income (expenses) for the year:												
Exchange differences arising on translating foreign operations	-	-	-	-	-	387	-	-	-	387	(29)	358
Total comprehensive income (expenses) for the year	-	-	-	-	-	387	-	-	6,697	7,084	(41)	7,043
Issue of shares under share award scheme	5	(270)	265	-	-	-	-	-	-	-	-	-
Issue of share under placing	500	-	28,000	-	-	-	-	-	-	28,500	-	28,500
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	-	888	888
Equity-settled share-based payment transactions (note 16)	-	144	-	-	426	-	-	-	-	570	-	570
2021 final dividend paid (note 10)	-	-	(6,828)	-	-	-	-	-	-	(6,828)	-	(6,828)
Transfer to statutory surplus reserve	-	-	-	-	-	-	208	-	(208)	-	-	-
At 31 March 2022 and 1 April 2022	10,505	(126)	47,781	10,817	426	270	208	-	104,423	174,304	784	175,088
Profit (loss) for the year	-	-	-	-	-	-	-	-	5,739	5,739	(499)	5,240
Other comprehensive income (expenses) for the year:												
Change in fair value of financial asset at FVTOCI	-	-	-	-	-	-	-	5,124	-	5,124	-	5,124
Exchange differences arising on translating foreign operations	-	-	-	-	-	(806)	-	-	-	(806)	(63)	(869)
Total comprehensive income (expenses) for the year	-	-	-	-	-	(806)	-	5,124	5,739	10,057	(562)	9,495
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	-	830	830
Equity-settled share-based payment transactions (note 16)	-	83	-	-	252	-	-	-	-	335	-	335
2022 final dividend paid (note 10)	-	-	(5,253)	-	-	-	-	-	-	(5,253)	-	(5,253)
Transfer to statutory surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2023	10,505	(43)	42,528	10,817	678	(536)	208	5,124	110,162	179,443	1,052	180,495

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 31 March 2023

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

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

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

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

In the current year, the Group has applied, for the first time, the 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 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
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 ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after 1 January 2024

³ Effective for annual periods beginning on or after a date to be determined

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

4. REVENUE AND OTHER INCOME AND NET GAIN

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service line		
Provision of VCMA solution and maintenance services:		
– VCMA solution services	122,419	124,259
– VCMA maintenance services	20,388	20,848
Provision of cloud-based IT+OT managed services:		
– Artificial Intelligence of Things (“AIoT”) operation and other services	6,022	14,843
– Security services	9,015	11,498
	<u>157,844</u>	<u>171,448</u>

Disaggregation of revenue by timing of recognition

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Timing of revenue recognition		
At a point in time	136,586	150,290
Over time	21,258	21,158
	<u>157,844</u>	<u>171,448</u>
Total revenue from contracts with customers	<u>157,844</u>	<u>171,448</u>

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other income and net gain		
Net exchange (loss) gain	(491)	29
Bank interest income	25	82
Gain on disposal of property and equipment	–	215
Government subsidies (<i>Note</i>)	1,568	–
Others	58	5
	<u>1,160</u>	<u>331</u>

Note: During the year ended 31 March 2023, the Group recognised government grants of approximately HK\$1,568,000 (2022: 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

(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	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the year ended 31 March						
Segment revenue – external customers	<u>142,807</u>	<u>145,107</u>	<u>15,037</u>	<u>26,341</u>	<u>157,844</u>	<u>171,448</u>
Segment results	<u>25,530</u>	<u>23,909</u>	<u>(3,358)</u>	<u>495</u>	<u>22,172</u>	<u>24,404</u>
Unallocated other income and net gain					(384)	31
Unallocated expenses					<u>(14,904)</u>	<u>(15,729)</u>
Profit before tax					<u>6,884</u>	<u>8,706</u>

The accounting policies of the reportable segments are the same as the Group's accounting policies.

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

(b) **Segment assets and liabilities**

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

	Provision of VCMA solution and maintenance services		Provision of cloud-based IT+OT managed services		Total	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 March						
Segment assets	<u>72,221</u>	<u>62,987</u>	<u>17,290</u>	<u>19,042</u>	<u>89,511</u>	<u>82,029</u>
Unallocated assets					<u>146,647</u>	<u>161,767</u>
Total assets					<u>236,158</u>	<u>243,796</u>
Segment liabilities	<u>(29,417)</u>	<u>(32,751)</u>	<u>(2,298)</u>	<u>(7,224)</u>	<u>(31,715)</u>	<u>(39,975)</u>
Unallocated liabilities					<u>(23,948)</u>	<u>(28,733)</u>
Total liabilities					<u>(55,663)</u>	<u>(68,708)</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, financial assets at FVTOCI, bank balances and cash, certain prepayments, deposits and other receivables, loan to an investee, deferred tax assets and tax recoverables which are unable to allocate to reportable segments; and
- all liabilities are allocated to reportable segments other than certain other payables and accruals, bank borrowings, tax payables and deferred tax liabilities.

(c) **Other segment information**

	Provision of VCMA solution and maintenance services		Provision of cloud-based IT+OT managed services		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:								
Additions to property and equipment	463	483	724	17	-	-	1,187	500
Additions to intangible assets	-	-	12,377	-	-	-	12,377	-
Depreciation of property and equipment	404	364	242	2	2,670	2,671	3,316	3,037
Amortisation of intangible assets	-	-	1,044	-	-	-	1,044	-

(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	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	139,075	143,224
The PRC	17,813	27,076
Macau	951	1,148
Singapore	5	–
	<u>157,844</u>	<u>171,448</u>

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

	Non-current assets	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	80,223	82,835
The PRC	12,027	21
	<u>92,250</u>	<u>82,856</u>

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

(e) **Information about major customers**

No revenue from individual external customer contributed over 10% of total revenue of the Group for the years ended 31 March 2023 and 2022.

6. FINANCE COSTS

	2023	2022
	HK\$'000	HK\$'000
Interest expenses on bank borrowings	700	371
Interest on lease liabilities	10	–
	<u>710</u>	<u>371</u>

7. INCOME TAX EXPENSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong Profits Tax:		
– Current year	1,646	1,771
– Over-provision in prior year	(188)	–
	<u>1,458</u>	<u>1,771</u>
PRC Enterprise Income Tax:		
– Current year	2	126
Deferred taxation	<u>184</u>	<u>124</u>
Total income tax expenses for the year	<u><u>1,644</u></u>	<u><u>2,021</u></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 years ended 31 March 2023 and 2022, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.
- (ii) Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, PRC Enterprises Income Tax is calculated at 25% of the estimated assessable profits for the years ended 31 March 2023 and 2022.
- (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 2023 and 2022.
- (iv) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

8. PROFIT FOR THE YEAR

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit for the year has been arrived at after charging:		
Directors' emoluments	7,659	7,511
Salaries (excluding Directors' emoluments)	31,220	29,123
Retirement benefit scheme contributions (excluding Directors' emoluments)	2,180	1,997
Equity-settled share-based payment expenses	335	570
	<u>41,394</u>	<u>39,201</u>
Total staff costs		
Cost of inventories sold including system development cost and installation cost	97,499	110,584
Depreciation for property and equipment	3,316	3,037
Amortisation of intangible assets	1,044	–
Auditor's remuneration	772	748
Research and development expenses (included in staff cost and other operating expenses)	2,466	2,595
	<u>2,466</u>	<u>2,595</u>

9. EARNINGS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<u>5,739</u>	<u>6,697</u>
	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,050,500</u>	<u>1,031,296</u>
Weighted average number of ordinary shares in issue	1,050,500	1,031,296
Effect of share options granted	–	2,844
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,050,500</u>	<u>1,034,140</u>

The diluted earnings per share for the year ended 31 March 2022 is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options because the exercise price of those options was higher than the average market price for shares for the year ended 31 March 2023.

10. DIVIDEND

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Dividend recognised as distribution during the year		
2022 Final dividend – HK0.50 cents per share		
(2022: 2021 Final dividend – HK0.65 cents per share)	<u>5,253</u>	<u>6,828</u>

Dividend of approximately HK\$5,253,000 was paid during the year ended 31 March 2023 (2022: HK\$6,828,000). Subsequent to the end of the reporting period, a final dividend of HK0.50 cents (2022: HK0.50 cents) and a special dividend of HK1.20 cents (2022: nil) per share in respect of the year ended 31 March 2023 have been proposed by the Directors and are subject to approval by the shareholders of the Company (“Shareholders”) at the forthcoming annual general meeting of the Company (“AGM”).

11. FINANCIAL ASSETS AT FVTOCI AND LOAN TO AN INVESTEE

Financial assets at FVTOCI comprise:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Equity instrument designated as FVTOCI		
– Unlisted	<u>13,710</u>	<u>8,586</u>

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

During the year ended 31 March 2022, the Independent Third Parties have transferred their entire interests in Changzhou Guoyun to the Related Company and Changzhou Guoyun has increased its registered capital from RMB50,000,000 to RMB350,000,000 for the purpose of funding the development of the IDC center in the PRC. In light of the aforesaid changes, Top Luck and the Related Company entered into a new shareholders’ agreement in August 2021 (the “New Shareholders’ Agreement”) pursuant to which the commitment of capital contributions of the Related Company and Top Luck were increased to RMB168,000,000 and RMB7,000,000 respectively (the “Committed Capital Contributions”). The timing for payment of the balance of the registered capital of Changzhou Guoyun in the sum of RMB175,000,000 is subject to further agreement between Top Luck and the Related Company. During the year ended 31 March 2022, the Committed Capital Contributions in respect of Top Luck’s 4% investment in Changzhou Guoyun in the sum of RMB7,000,000 (equivalent to approximately HK\$8,586,000) was fully paid and recognised as financial assets at FVTOCI in the consolidated statement of financial position as it is held for long-term investment purpose.

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

* *English name for identification purpose only*

	2023 HK\$'000	2022 <i>HK\$'000</i>
Loan to an investee	8,001	8,586

The movements in loan to an investee are as follows:

	HK\$'000
As at 1 April 2022	8,586
Unrealised exchange loss recognised in profit or loss	(585)
As at 31 March 2023	8,001

As at 31 March 2023, Top Luck has made a shareholder loan of RMB7,000,000 (2022: RMB7,000,000) equivalent to approximately HK\$8,001,000 (2022: HK\$8,586,000), which was in proportion to its 4% equity interest in Changzhou Guoyun, to Changzhou Guoyun which is unsecured, interest-free and repayable on demand. Up to the date of this announcement, the Group has not entered into any further agreement to convert the shareholder loan into paid-up capital of Changzhou Guoyun.

12. TRADE RECEIVABLES AND CONTRACT ASSETS

	2023 HK\$'000	2022 <i>HK\$'000</i>
Trade receivables	49,153	43,190
Contract assets	463	1,048
	49,616	44,238

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.

	2023 HK\$'000	2022 <i>HK\$'000</i>
0 to 30 days	17,357	15,203
31 to 60 days	12,395	2,288
61 to 120 days	3,115	13,984
121 to 365 days	8,319	9,383
Over 365 days	7,967	2,332
	49,153	43,190

No loss allowance was made on the balances during the years ended 31 March 2023 and 2022 as the amount involved is insignificant.

13. TRADE PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	<u>15,347</u>	<u>20,131</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 60 days	5,626	5,055
61 to 90 days	823	5,656
Over 90 days	<u>8,898</u>	<u>9,420</u>
	<u>15,347</u>	<u>20,131</u>

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

14. BANK BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Secured mortgage loans	<u>18,431</u>	<u>22,527</u>
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	4,096	4,096
More than one year but not exceeding two years	4,096	4,096
More than two years but not exceeding five years	<u>10,239</u>	<u>14,335</u>
	<u>18,431</u>	<u>22,527</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)	14,335	18,431
Carrying amount repayable within one year	<u>4,096</u>	<u>4,096</u>
Amounts shown under current liabilities	<u>18,431</u>	<u>22,527</u>

15. SHARE CAPITAL

	Number of share '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised		
At 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	<u>2,000,000</u>	<u>20,000</u>
Issued and fully paid		
At 1 April 2021	1,000,000	10,000
Issue of shares under share award scheme (<i>note a</i>)	500	5
Issue of shares under placing (<i>note b</i>)	<u>50,000</u>	<u>500</u>
At 31 March 2022, 1 April 2022 and 31 March 2023	<u>1,050,500</u>	<u>10,505</u>

Notes:

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

16. EQUITY-SETTLED SHARE OPTION SCHEMES OF THE COMPANY

(a) Share Option Scheme

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

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

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

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

The following table discloses movements of the Company's Options held by Mr. Wang.

Date of grant	Exercise period	Exercise price HK\$	Balance as at 31 March 2023 and 31 March 2022
20 April 2021	20 April 2022–20 April 2028	0.54	900,000
	20 April 2023–20 April 2028	0.54	900,000
	20 April 2024–20 April 2028	0.54	1,200,000
			<u>3,000,000</u>

As at 31 March 2023, 900,000 Options are exercisable at any time during the Option Period, subject to the terms and conditions of the Share Option Scheme, and the remaining 2,100,000 Options are not yet exercisable. As of the 3,000,000 Options have not been exercised as at year ended 31 March 2023. Other than disclosed above, there were no Options granted, exercised, cancelled or lapsed under the Share Option Scheme during the year ended 31 March 2023.

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

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

The fair value of the Options granted during the year ended 31 March 2022 was HK\$808,000. During the year ended 31 March 2023, the Company has recognised approximately HK\$252,000 (2022: HK\$426,000) of equity settled share-based payment expenses in respect of Options in the consolidated statement of profit or loss and other comprehensive income.

(b) Share Award Scheme

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

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

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

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

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

During the year ended 31 March 2023, the Company has recognised approximately HK\$83,000 (2022: HK\$144,000) of equity-settled share-based payment expenses in respect of the Awarded Shares in consolidated statement of profit or loss and other comprehensive income.

17. CAPITAL COMMITMENT

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Capital expenditure on IT+OT product development	<u>–</u>	<u>6,624</u>

Note: In March 2022, Beijing National Greenfield Technology Co. Limited* (北京能興國雲信息科技有限公司) (“**Beijing National Greenfield**”) has entered into a contract in relation to IT+OT product development project in the sum of approximately HK\$11,040,000 of which approximately HK\$4,416,000 has been prepaid and recognised as “Prepayments” under non-current assets of the consolidated statement of financial position as at year ended 31 March 2022. During the year ended 31 March 2023, the remaining balance of approximately HK\$6,624,000 has been paid.

* *English name for identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

COVID-19 continued to affect the Hong Kong economy throughout the year 2022. With working from home becoming a corporate trend amidst the various COVID-19 related precautionary measures and restrictions, overall vacancy rate for Hong Kong's commercial property market continued to rise which greatly reduced the demand for installing and upgrading smart office systems, audiovisual equipment and related services.

In addition, weak business sentiment and sluggish retail consumption resulted in many trade and commercial activities being put on hold or delayed. The postponement and cancellation of onsite business conferences, closure of shopping centers, and suspension of public events all substantively reduced demand for digital display equipment and related products.

On a positive note, the first five-year plan on the digital economy of the PRC unveiled by the State Council of the PRC which highlighted the sector's role in reshaping the global economic structure and international competition and rolled out targets for its development through 2025 is set to give a positive push to the demand for digital transformation and cloud-based data security services and the Group's business prospects.

BUSINESS REVIEW

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

Provision of VCMA solution and maintenance services

The outbreak of COVID-19 pandemic since early 2020 had adversely affected the global business environment, leading to weak business sentiment, restricted cross-border and international travel, and high vacancy rates of Grade A office. Our VCMA business continued to experience reducing demand for installing and upgrading smart office systems, audiovisual equipment and related services. Following the stabilization of the pandemic and relaxation in social distance measures, the VCMA business performance had seen rebound and recovery during the third and fourth quarters for the Reviewing Year.

Provision of cloud-based IT+OT managed services

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

* *English name for identification purpose only*

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

In recent years, the standardization of data security policies and regulations and the increased concern of the capital market to data security and the industry demand have further driven the network security into the era of rapid development. The cybersecurity market and data security market in the PRC are expected to reach over RMB150 billion. Based on the OEM Agreement with Micro Focus for ArcSight and Fortify products, as well as achievements made in the previous year, Beijing National Greenfield continues to deepen the strategic cooperation with Micro Focus, to strengthen the field of security solutions and services, and to accelerate the provision of products, solutions and services that meet the needs of the PRC market to customers.

In order to ensure that the security products of Beijing National Greenfield meet the increasing demand of PRC customers for domestic production, during the Reviewing Year, Beijing National Greenfield accelerated the inter-compatibility testing of security products under its own brand with domestic CPU chips, domestic servers, domestic operating systems, and domestic databases. Beijing National Greenfield has obtained 7 certificates or reports of interoperability, including Huawei KunPeng CPU, Haiguang CPU and Huawei Taishan Server.

In addition, Beijing National Greenfield received the Best Solution Innovation Award from Micro Focus during Reviewing Year, in recognition of the innovation of security solutions and breakthroughs in security application scenarios that meet the needs of PRC customers achieved during the strategic cooperation between Beijing National Greenfield and Micro Focus.

During the Reviewing Year, Beijing National Greenfield also made breakthroughs in solutions, products and service capabilities by combining its superior technologies including security and IoT, and completed the development and launch of its “Next Generation Intelligent Operation and Management Platform”. The platform uses a unified data structure, which has a high degree of integration and completeness, while maintaining the flexible loose coupling and composability of each functional module, and can provide solutions and product portfolios that meet customer needs according to the actual situation of customers. The platform has successfully obtained 12 intellectual property rights of its own brand products in the PRC.

Strong social distance measures imposed in PRC during the first three quarters of the Reviewing Year, most of the projects postponed under cloud-based IT+OT managed services business. With the enhanced co-operation with Micro Focus and allocation of more resources on research and development, our cloud-based IT+OT managed services business is expected to be a key revenue driver for the Group in the coming few years.

FINANCIAL REVIEW

Segment analysis

The table below sets out the Group's revenue by segment:

	Year ended 31 March 2023		Year ended 31 March 2022	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Provision of VCMA solution and maintenance services:				
– VCMA solution services	122,419	77.6	124,259	72.5
– VCMA maintenance services	20,388	12.9	20,848	12.1
Provision of cloud-based IT+OT managed services:				
– AIoT operation and other services	6,022	3.8	14,843	8.7
– Security services	9,015	5.7	11,498	6.7
Total	157,844	100.0	171,448	100.0

Revenue

The Group's revenue decreased by approximately 7.9% from approximately HK\$171,448,000 for the year ended 31 March 2022 to approximately HK\$157,844,000 for the year ended 31 March 2023.

Revenue generated from VCMA solution services slightly decreased by approximately 1.5% from approximately HK\$124,259,000 for the year ended 31 March 2022 to approximately HK\$122,419,000 for the year ended 31 March 2023, which was mainly attributable to postponement of projects and orders during the first two quarters of the Reviewing Year but partially offset by increase in projects and orders completed after relaxation of quarantine measures in Hong Kong.

Revenue generated from VCMA maintenance services slightly decreased by approximately 2.2% from approximately HK\$20,848,000 for the year ended 31 March 2022 to approximately HK\$20,388,000 for the year ended 31 March 2023, which was primarily attributable to the decrease in total maintenance projects.

Revenue generated from AIoT operation and other services and security services decreased by approximately 59.4% and 21.6% from approximately HK\$14,843,000 and approximately HK\$11,498,000 for the year ended 31 March 2022 to approximately HK\$6,022,000 and approximately HK\$9,015,000 for the year ended 31 March 2023 respectively, which was attributable to the postponed business development and on-site solution projects due to strong social distance measures imposed in PRC.

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 remained stable at approximately HK\$60,345,000 for the year ended 31 March 2023 (2022: HK\$60,864,000).

The gross operating profit margin increased to approximately 38.2% for the year ended 31 March 2023 (2022: 35.5%) mainly due to increase in overall gross operating profit margin of VCMA solution services projects.

Staff cost

Staff cost increased by approximately 5.6% from approximately HK\$39,201,000 for the year ended 31 March 2022 to approximately HK\$41,394,000 for the year ended 31 March 2023 mainly due to increase in headcount of cloud-based IT+OT managed services business to support its product developments during the Reviewing Year.

Depreciation and amortisation

Depreciation and amortisation expenses increased by 43.6% from approximately HK\$3,037,000 for the year ended 31 March 2022 to approximately HK\$4,360,000 mainly due to additions of intangible assets during the Reviewing Year.

Other operating expenses

Other operating expenses decreased by approximately 17.4% from approximately HK\$9,880,000 for the year ended 31 March 2022 to approximately HK\$8,157,000 for the year ended 31 March 2023 mainly due to reduction of one-off legal and professional fees and placing commission incurred during the year ended 31 March 2022 for placing of new Shares.

Finance costs

Finance costs significantly increased by approximately 91.4% from approximately HK\$371,000 for the year ended 31 March 2022 to approximately HK\$710,000 for the year ended 31 March 2023 as the general interest rate had increased during the Reviewing Year.

Income tax expenses

Income tax expenses decreased from approximately HK\$2,021,000 for the year ended 31 March 2022 to approximately HK\$1,644,000 for the year ended 31 March 2023, which was mainly due to decrease in taxable profit in the PRC during the Reviewing Year and overprovision in prior year.

Profit for the year

Profit for the year decreased from approximately HK\$6,685,000 for the year ended 31 March 2022 to approximately HK\$5,240,000 for the year ended 31 March 2023, which was mainly due to the increase in staff cost, depreciation and amortisation and finance costs partially set-off by non-recurring government subsidies from the Employment Support Scheme of approximately HK\$1,568,000, and decrease in legal and professional fees and placing commission for placing of new Shares.

PROSPECT

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

Beijing National Greenfield will continue to invest in the development of its proprietary products and will continue to deepen the combination of security, IoT and big data technologies to improve its proprietary products, solutions and service capabilities pragmatically and continuously.

The existing "Next Generation Intelligent Operation and Management Platform" (the "**Platform**") can be used for various customer needs and scenarios application such as data center intelligent management, intelligent building management, intelligent park management and intelligent city management, providing customers with integrated end-to-end analysis capabilities, full lifecycle management capabilities, optimizing management processes and enhancing energy management level, so as to reduce effectively operational costs. Based on the application experience of existing customers, in the new financial year, Beijing National Greenfield will continue to expand the business of customers and application scenarios based on the released platform products, and develop more possibilities, especially in dual carbon and green development related scenarios.

The real-time energy management system function module in the Platform combines security and IoT technologies to provide new operational big data analysis and artificial intelligence control for heating, ventilation and air conditioning system ("**HVAC Systems**"). Beijing National Greenfield has initiated the feasibility study and product development of an independent "Intelligent Energy Saving Platform" for building HVAC Systems. The product will be deployed for high energy consumption buildings including commercial complexes, offices, hotels, hospitals and schools, cultural and transportation buildings, etc., under the premise of micro-renovation and rapid completion of online deployment, so as to carry out efficient energy saving for building HVAC Systems, reduce building energy consumption and carbon emissions using security, IoT, big data and artificial intelligence technologies, and achieve better green development. The development and release of the "Intelligent Energy Saving Platform" will continue to enhance the capability of Beijing National Greenfield in the field of cloud IT + OT services, especially in the field of dual carbon and green development using digital intelligence, we are expected that Beijing National Greenfield will be able to play a huge development potential.

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

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

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operations and investments were financed principally by cash generated from its own business operations and bank borrowings. As at 31 March 2023, the Group had net current assets of approximately HK\$75,522,000 (2022: HK\$79,908,000) and cash and cash equivalents of approximately HK\$49,437,000 (2022: HK\$71,034,000). Current liabilities of the Group as at 31 March 2023 included carrying amount of approximately HK\$14,335,000 (2022: HK\$18,431,000) 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 2023, the gearing ratio (calculated on the basis of total debt divided by total assets) of the Group was approximately 7.8% (2022: 9.2%).

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENT

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

CAPITAL STRUCTURE

The Shares have been listed on the Main Board of the Stock Exchange since 18 December 2019.

On 7 May 2021, a total of 500,000 new Shares were issued under the Share Award Scheme at nominal value under the general mandate. Details are set out in the section headed "Share Award Scheme".

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

The capital structure of the Group consists of net debt, which includes bank borrowings, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital and reserves. The Directors review the Group's capital structure regularly. As part of this review, the Directors have considered the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, issuance of new Shares as well as issue of new debts or convertible securities or through repayment of borrowings.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed "Use of Proceeds" below and details of financial assets at FVTOCI and loan to an investee set out in note 11 to the consolidated financial statements in this announcement, the Group did not have any plans for material investments or capital assets as of 31 March 2023.

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2023, land and buildings of approximately HK\$77,524,000 (2022: HK\$80,155,000) were pledged to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 31 March 2023 (2022: nil).

COMPLIANCE WITH LAWS AND REGULATIONS

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

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

ENVIRONMENTAL POLICY

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

MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 March 2023, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group employed 84 (2022: 85) 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 placing of 50,000,000 new Shares to not less than six independent places at the placing price of HK\$0.57 per placing share on 19 August 2021 (the “**Placing**”), after deduction of the placing commission and other costs and expenses relating to the Placing, amounted to approximately HK\$27,530,000 (“**Net Proceeds**”).

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

On 14 April 2022, the Board has resolved to extend the timeline for utilisation of the Net Proceeds intended to be used for the development of IT+OT and VCMA solution services business in the PRC to on or before 31 March 2023 in light of the continuing uncertainty brought about by the COVID-19 pandemic. During the Reviewing Year, the remaining Net Proceeds of HK\$6.26 million intended to be used for the development of IT+OP business in the PRC have been fully utilised and within the intended timeline, while the remaining Net Proceeds of HK\$3.79 million intended to be used for enhancing the development of VCMA solution services in the PRC have not yet been utilised due to the prolonged COVID-19 restrictions for the majority of the Reviewing Year which resulted in an unexpectedly adverse effect on the demand for VCMA solution services. Accordingly, on 21 June 2023, the Board has further resolved to extend the timeline for utilisation of the remaining part of Net Proceeds intended to be used for development of VCMA solution services business in the PRC to on or before 31 March 2024.

Set out below is a breakdown of the utilisation of the Net Proceeds up to 31 March 2023, and the new timeline for the utilisation of the remaining Net Proceeds:

	Planned use of Net Proceeds as stated in the announcement dated 11 August 2021 (HK\$' million)	Revised use of Net Proceeds as stated in the announcement dated 30 December 2021 (HK\$' million)	Actual use of Net Proceeds up to 31 March 2022 (HK\$' million)	Amount of Net Proceeds used during the year ended 31 March 2023 (HK\$' million)	Amount of remaining proceeds as at 31 March 2023 (HK\$' million)	Updated expected timeline for utilising the remaining proceeds
Enhancing the development of VCMA solution services business in the PRC	12.39	3.81	0.02	–	3.79	on or before 31 March 2024
Development of IT+OT business in the PRC	12.39	12.39	6.13	6.26	–	N/A
Working capital and general corporate purposes	2.75	2.75	2.75	–	–	N/A
Payment of the capital commitment by the Group in Changzhou Guoyun	N/A	8.58	8.58	–	–	N/A
Total:	27.53	27.53	17.48	6.26	3.79	

The unused Net Proceeds amounting to approximately HK\$3.79 million were deposited in licensed banks in Hong Kong.

Further details of the Placing were set out in the Company's announcements dated 11 August 2021 and 19 August 2021, respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2023, 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 Part 2 of the Corporate Governance Code (the "CG Code") in Appendix 14 of the Listing Rules to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner.

To the best knowledge of the Board, the Company has complied with the code provisions set out in Part 2 of the CG Code during the year ended 31 March 2023 and up to the date of this announcement.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Model Code**”) on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. The Company, having made specific enquiry of all Directors, was not aware of any non-compliance with the Model Code during the year ended 31 March 2023.

FINAL DIVIDEND, SPECIAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Directors have recommended a final dividend out of the share premium account under reserves of the Company of HK0.50 cents (2022: HK0.50 cents) and a special dividend of HK1.20 cents (2022: nil) per share, respectively, payable on Wednesday, 6 September 2023 to persons who are registered shareholders of the Company on Wednesday, 16 August 2023, subject to approval by the Shareholders at the AGM and compliance with the Companies Act of the Cayman Islands.

For determining the entitlement to the proposed final dividend and special dividend (subject to approval by the Shareholders at the AGM), the register of members of the Company will be closed from Monday, 14 August 2023 to Wednesday, 16 August 2023 (both dates inclusive), during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend and special 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 11 August 2023 (Hong Kong time).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The AGM is scheduled to be held on Tuesday, 8 August 2023. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 3 August 2023 to Tuesday, 8 August 2023 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 2 August 2023.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2023 and up to the date of this announcement.

SCOPE OF WORK OF EXTERNAL AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statements of changes in equity and the related notes thereto for the year ended 31 March 2023 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 2023. 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 2023.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company on or before 31 July 2023.

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

Hong Kong, 21 June 2023

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