

i-CONTROL

i-Control Holdings Limited

超智能控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1402



INTERIM REPORT 2021

CONTENTS

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6
Notes to the Condensed Consolidated Financial Statements	7
Management Discussion and Analysis	26
Other Information	29

The board (the “**Board**”) of directors (the “**Directors**”) of i-Control Holdings Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2021, together with the comparative unaudited figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	<i>Notes</i>	Six months ended 30 September	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	3	74,309	75,270
Cost of Sales		(45,773)	(44,767)
Staff cost		(18,196)	(16,805)
Depreciation		(1,519)	(1,715)
Other income and net gain	3	20	2,457
Other operating expenses		(4,828)	(3,424)
Finance costs	5	(191)	(354)
Profit before taxation		3,822	10,662
Income tax expenses	6	(1,028)	(1,167)
Profit for the period		2,794	9,495
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		(52)	(2)
Total comprehensive income for the period		2,742	9,493

		Six months ended 30 September	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
	Notes		
Profit (loss) for the period attributable to:			
Equity shareholders of the Company		3,013	9,495
Non-controlling interests		(219)	–
		2,794	9,495
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		2,954	9,493
Non-controlling interests		(212)	–
		2,742	9,493
Earnings per share			
Basic	8	HK0.28 cents	HK0.95 cents
Diluted	8	HK0.28 cents	HK0.95 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
	<i>Notes</i>		
Non-current assets			
Property and equipment	9	83,920	85,393
Deferred tax assets		654	654
		84,574	86,047
Current assets			
Inventories		17,271	12,513
Trade receivables and contract assets	10	39,746	35,915
Prepayments, deposits and other receivables		2,996	2,491
Tax recoverables		1,374	2,010
Bank balances and cash		79,704	68,692
		141,091	121,621
Current liabilities			
Trade payables	11	17,413	16,427
Other payables and accruals		11,552	18,402
Bank borrowings	13	24,452	26,417
Tax payables		707	299
		54,124	61,545
Net current assets		86,967	60,076
Total assets less current liabilities		171,541	146,123
Non-current liability			
Deferred tax liabilities		1,208	1,208
Net assets		170,333	144,915
Capital and reserves			
Share capital	15	10,505	10,000
Reserves		159,215	134,978
Total equity attributable to equity shareholders of the Company		169,720	144,978
Non-controlling interests		613	(63)
Total equity		170,333	144,915

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Attributable to the owners of the Company									
	Shares held under		Share premium	Merger reserve	Employee share-based		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	
At 1 April 2020 (audited)	10,000	-	35,344	10,817	-	(246)	85,145	141,060	-	141,060
Profit for the period	-	-	-	-	-	-	9,495	9,495	-	9,495
Other comprehensive income for the period:										
Exchange differences arising on translating foreign operations	-	-	-	-	-	(2)	-	(2)	-	(2)
Total comprehensive income for the period	-	-	-	-	-	(2)	9,495	9,493	-	9,493
2020 final dividend paid (note 7)	-	-	(9,000)	-	-	-	-	(9,000)	-	(9,000)
At 30 September 2020 (unaudited)	10,000	-	26,344	10,817	-	(248)	94,640	141,553	-	141,553
At 1 April 2021 (audited)	10,000	-	26,344	10,817	-	(117)	97,934	144,978	(63)	144,915
Profit for the period	-	-	-	-	-	-	3,013	3,013	(219)	2,794
Other comprehensive income for the period:										
Exchange differences arising on translating foreign operations	-	-	-	-	-	(59)	-	(59)	7	(52)
Total comprehensive income for the period	-	-	-	-	-	(59)	3,013	2,954	(212)	2,742
Issue of shares under share award scheme (note 15)	5	(270)	265	-	-	-	-	-	-	-
Issue of shares under placing (note 15)	500	-	28,000	-	-	-	-	28,500	-	28,500
Capital injection by non-controlling interest	-	-	-	-	-	-	-	-	888	888
Equity-settled share-based payment transactions (note 14)	-	-	-	-	116	-	-	116	-	116
2021 final dividend paid (note 7)	-	-	(6,828)	-	-	-	-	(6,828)	-	(6,828)
At 30 September 2021 (unaudited)	10,505	(270)	47,781	10,817	116	(176)	100,947	169,720	613	170,333

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash used in operating activities	(9,318)	(2,985)
Investing activities		
Acquisition of property and equipment	(45)	(12)
Bank interest received	26	25
Net cash (used in) from investing activities	(19)	13
Financing activities		
Dividend paid	(6,828)	(9,000)
Repayment of bank borrowings	(1,965)	(2,211)
Interest paid	(191)	(353)
Capital element of repayment of lease liability	–	(65)
Issue of shares under placing (note 15)	28,500	–
Capital injection by non-controlling interest	888	–
Interest element of repayment of lease liability	–	(1)
Net cash from (used in) financing activities	20,404	(11,630)
Net increase (decrease) in cash and cash equivalents	11,067	(14,602)
Cash and cash equivalents at the beginning of the period	68,692	70,936
Effect of foreign exchange rate changes	(55)	(2)
Cash and cash equivalents at the end of the period, represented by bank balances and cash	79,704	56,332

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. CORPORATE INFORMATION AND BASIS OF PREPARATION OF FINANCIAL INFORMATION

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 Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is Units A&B, 12/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong. The Company 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.

The Company’s shares (“**Shares**”) have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 18 December 2019. The Directors consider that the Company’s immediate and ultimate holding company is Phoenix Time Holdings Limited, which is incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Zhong Naixiong.

The Company’s financial statements are presented in Hong Kong dollars (“**HK\$**”), 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 and Singapore dollar respectively, the functional currency of the Company and other subsidiaries is HK\$.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 March 2021, except as described below.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and Hong Kong Accounting Standards (“**HKASs**”) issued by the Hong Kong Institute of Certified Public Accountants which are effective for the Group’s financial year beginning 1 April 2021:

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

The application of the amendments to HKFRSs in the current interim period 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 condensed consolidated financial statements.

3. 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:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Disaggregated by major products or service line:		
– VCMA solution services	61,645	65,734
– VCMA maintenance services	10,868	9,536
– Cloud-based IT+OT managed services	1,796	–
	74,309	75,270

Disaggregation of revenue by timing of recognition

	Six months ended 30 September	
	2021	2020
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Timing of revenue recognition		
At a point in time	63,441	65,734
Over time	10,868	9,536
Total revenue from contracts with customers	74,309	75,270

	Six months ended 30 September	
	2021	2020
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Other income and net gain		
Government grants (<i>note</i>)	–	2,312
Bank interest income	26	25
Net exchange (loss) gain	(6)	120
	20	2,457

Note: During the period ended 30 September 2020, the Group recognised government grants of approximately HK\$2,312,000 in respect of COVID-19-related subsidies related to Employment Support Scheme provided by The Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

4. 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	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
For the period ended 30 September						
Segment revenue – external customers	72,513	75,270	1,796	–	74,309	75,270
Segment results	12,599	14,519	(1,458)	–	11,141	14,519
Unallocated other income and net (loss) gain					(41)	2,457
Unallocated expenses					(7,278)	(6,314)
Profit before tax					3,822	10,662

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

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	
	30 September	31 March	30 September	31 March	30 September	31 March
	2021	2021	2021	2021	2021	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
As at 30 September/31 March						
Segment assets	54,384	47,085	6,681	3,917	61,065	51,002
Unallocated assets					164,600	156,666
Total assets					225,665	207,668
Segment liabilities	(25,117)	(25,714)	(2,710)	(4,940)	(27,827)	(30,654)
Unallocated liabilities					(27,505)	(32,099)
Total liabilities					(55,332)	(62,753)

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

(c) 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:

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong (place of domicile)	71,687	73,923
The PRC (other than Hong Kong and Macau)	2,257	979
Macau	365	368
	74,309	75,270

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

	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong (place of domicile)	83,910	85,386
The PRC (other than Hong Kong and Macau)	10	7
	83,920	85,393

Note: Non-current assets excluded deferred tax assets.

5. FINANCE COSTS

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings	191	353
Interest on lease liability	–	1
	191	354

6. INCOME TAX EXPENSES

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong Profits Tax	1,028	1,123
– PRC Enterprise Income Tax	–	4
Deferred taxation	–	40
Total income tax expenses for the period	1,028	1,167

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 six months ended 30 September 2021 and 2020, 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 continue to be taxed at the flat rate of 16.5%.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, PRC Enterprise Income Tax is calculated at 25% (2020: 25%) of the estimated assessable profits for the six months ended 30 September 2021.

The Singapore subsidiary is in loss-making position for the six months ended 30 September 2021 and 2020 and accordingly does not have any provision for Singapore Corporate Tax at 17%.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

7. DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 September 2021 (2020: nil).

The payment of a final dividend of HK0.65 cents per share amounted to approximately HK\$6,828,000 for the year ended 31 March 2021 (2020: HK0.9 cents per share amounted to HK\$9,000,000) was resolved and declared at the annual general meeting of the Company held on 26 August 2021. The date of payment was on 29 September 2021.

8. EARNINGS PER SHARE

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	2,794	9,495

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

	Six months ended 30 September	
	2021 '000	2020 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,012,197	1,000,000
Weighted average number of ordinary shares in issue	1,012,197	1,000,000
Effect of share options granted	2,688	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,014,885	1,000,000

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

9. MOVEMENTS IN PROPERTY AND EQUIPMENT

During the six months ended 30 September 2021, the Group acquired approximately HK\$45,000 (2020: HK\$12,000) of property and equipment and approximately HK\$1,519,000 (2020: HK\$1,715,000) of depreciation was recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

10. TRADE RECEIVABLES AND CONTRACT ASSETS

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Trade receivables	39,265	35,637
Contract assets	481	278
	39,746	35,915

As at 30 September 2021, trade receivables of approximately HK\$237,000 (31 March 2021: HK\$258,000) represented trade receivables from a related company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

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 each reporting period.

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
0 to 30 days	14,798	15,823
31 to 60 days	3,095	6,712
61 to 120 days	9,505	4,464
121 to 365 days	9,182	4,987
Over 365 days	2,685	3,651
	39,265	35,637

The Group measures the loss allowance for trade receivables and contract assets at an amount equal to lifetime expected credit losses. 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.

As at 30 September 2021, gross amount of trade receivables and contract assets amounting to approximately HK\$39,746,000 (31 March 2021: HK\$35,915,000) arose from contracts with customers. No loss allowance has been made on trade receivables and contract assets as the amount is immaterial.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

11. TRADE PAYABLES

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

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
0 to 60 days	6,622	8,974
61 to 90 days	747	834
Over 90 days	10,044	6,619
	17,413	16,427

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.

12. LEASE LIABILITY

There is no lease liability as at 30 September 2021 (31 March 2021: nil).

Amounts recognised in profit or loss:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest expense on lease liability	–	1
Expense relating to short-term leases	294	127

For the six months ended 30 September 2021, the total cash outflow for leases amount to approximately HK\$294,000 (2020: HK\$193,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

13. BANK BORROWINGS

	30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Secured mortgage loans	24,452	26,417
Carrying amount repayable (based on scheduled repayment dates set out in the loan agreements):		
Within one year	3,973	21,481
More than one year but not exceeding two years	4,096	4,439
More than two years but not exceeding five years	12,287	497
After five years	4,096	–
	24,452	26,417
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)	20,479	4,936
Carrying amount repayable within one year	3,973	21,481
Amounts shown under current liabilities	24,452	26,417

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

Borrowings comprise:

	Maturity date	Effective interest rate	Carrying amount	
			30 September 2021 HK\$'000 (Unaudited)	31 March 2021 HK\$'000 (Audited)
Floating-rate borrowings:				
- HKD mortgage loans ⁽¹⁾	25/9/2027	1.49% (31 March 2021: 2.03%)	18,776	20,001
- HKD mortgage loans ⁽²⁾	25/9/2027	1.50% (31 March 2021: 2.03%)	5,676	6,416
			24,452	26,417

⁽¹⁾ The floating rate is lower of Hong Kong Interbank Offered Rate ("HIBOR") plus 1.4% or 2.25% below best lending rate. Repayable in 72 monthly installments commencing from October 2021.

⁽²⁾ The floating rate is lower of HIBOR plus 1.4% or 2.25% below best lending rate. Repayable in 71 monthly installments commencing from November 2021.

Notes:

- (a) The bank borrowings are all denominated in HK\$.
- (b) All borrowings were guaranteed by the Company and its certain subsidiaries in Hong Kong for both periods.
- (c) As at 30 September 2021, bank borrowings of approximately HK\$24,452,000 (31 March 2021: HK\$26,417,000) were secured by land and buildings of the Group with carrying amounts of approximately HK\$81,470,000 (31 March 2021: HK\$82,786,000).

14. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

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

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

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

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

As at 30 September 2021 and up to the date of this report, all of the said 3,000,000 Options are not yet exercisable and have not been exercised.

Other than disclosed above, there were no Options granted, exercised, cancelled or lapsed under the Share Option Scheme during the period.

The fair value on the date of grant is estimated using a binomial pricing model, taking into account the terms and conditions upon which the Options were granted. The contractual life of the Options granted is 7 years. There is no cash settlement of the Options. The fair value of Options granted during the six months ended 30 September 2021 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 six months ended 30 September 2021 was HK\$808,000.

For the six months ended 30 September 2021, the Company has recognised HK\$116,000 of equity-settled share-based payment expenses in the condensed consolidated statement of profit or loss and other comprehensive income.

15. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised		
At 31 March 2021 and 30 September 2021	2,000,000	20,000
Issued and fully paid		
At 31 March 2021	1,000,000	10,000
Issue of shares under share award scheme (<i>note a</i>)	500	5
Issue of shares under placing (<i>note b</i>)	50,000	500
At 30 September 2021	1,050,500	10,505

Notes:

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

16. RELATED PARTY TRANSACTIONS

During the six months ended 30 September 2021, the Group had the following material transactions and balances with related parties.

- (a) Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with related parties during the six months ended 30 September 2021:

	Six months ended 30 September	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Sales to related companies (<i>note i</i>)	442	193
Service fees to related companies (<i>note ii</i>)	144	144

The following balances were outstanding at the end of each reporting period:

	30 September	31 March
	2021 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Trade receivables due from a related company (<i>note i</i>)	237	258
Amount due to a related company (included in other payables and accruals) (<i>note iii</i>)	—	(947)

Notes:

- (i) The sales were made on a mutually agreed basis. The related companies are controlled and substantially owned by Mr. Zhong Naixiong, a Director.
- (ii) The service fees were made on a mutually agreed basis. The related companies are controlled and beneficially owned by Mr. Yau Wing Keung, a Director or a close family member of Mr. Zhong Naixiong, a Director.
- (iii) The amount is non-trade nature, unsecured, interest-free and repayable on demand.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

(b) Compensation of key management personnel

The remuneration of key management personnel during the six months ended 30 September 2021 was as follows:

	Six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	4,555	3,408
Equity-settled share-based payment expenses	116	–
Post-employment benefits	129	57
	4,800	3,465

The remuneration of the key management personnel is determined by the Board having regard to the performance of individuals and market trends.

17. CAPITAL COMMITMENT

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

	30 September	31 March
	2021	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Capital contribution to financial assets at fair value through other comprehensive income ("FVTOCI")	8,288	2,368

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2021

Note: 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 six months ended 30 September 2021, 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 pursuant to which Top Luck’s commitment of capital contribution increased to RMB7,000,000. The timing for payment of the balance of Top Luck’s contribution to the registered capital of Changzhou Guoyun in respect of its 4% investment in Changzhou Guoyun in the sum of RMB7,000,000 is subject to further agreement between Top Luck and the Related Company. Up to the date of this report, the committed capital contribution by Top Luck has not yet been paid.

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

BUSINESS REVIEW

During the period, the Group maintained its market position as one of the leading VCMA solutions service providers in Hong Kong. The Group's revenue is primarily derived from the provision of (i) VCMA solution services 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, posing a short-term threat to the Group's VCMA solutions business which experienced reducing demand for installing and upgrading smart office systems, audiovisual equipment and related services. Moreover, weak business sentiment, restricted cross-border and international travel, and high vacancy rates of Grade A office all continued to affect the sales of various hi-tech digital display products during the six months ended 30 September 2021.

Provision of cloud-based IT+OT managed services

The Group has expanded into the PRC's ubiquitous internet of things (IoT) by offering integrated IT+OT managed services through its 85% owned subsidiary, Beijing National Greenfield Technology Co. Limited* (北京能興國雲信息科技有限公司) ("**Beijing National Greenfield**") in the PRC. Beijing National Greenfield commenced its operations in late 2020 and began generating revenue in the first quarter of 2021 and contributed approximately HK\$1,796,000 to the Group's revenue during the six months ended 30 September 2021.

In June 2021, Beijing National Greenfield 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 (the "**OEM Authorization**") to offer ArcSight, a "safe operation service", under its own brand, it also obtained authorization to be Micro Focus's cloud management service provider in the PRC. ArcSight is a cyber-security product which provides big data security analytics and intelligence software for Security Information and Event Management ("**SIEM**"), and log management.

According to the OEM Authorization, Beijing National Greenfield is authorized to build its Security Operation Centers (SOC) product and intellectual property based on ArcSight product. In September 2021, Beijing National Greenfield successfully obtained the intellectual property rights of two security solutions, namely InterSight Logger and InterSight Enterprise Security Manager ("**ESM**") in the PRC. InterSight Logger is a comprehensive log management solution which easily achieves compliance, efficient log search and secure storage; and reduces compliance burden and speeds up tracking investigation. InterSight ESM is a powerful, open and intelligent SIEM solution which supports real-time threat detection and response. These products are tailor-made for enterprise customers in the PRC.

* English names for identification purposes only

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately HK\$961,000 or 1.3% from approximately HK\$75,270,000 for the six months ended 30 September 2020 to approximately HK\$74,309,000 for the six months ended 30 September 2021.

Revenue generated from VCMA solution services decreased by approximately HK\$4,089,000 or 6.2% from approximately HK\$65,734,000 for the six months ended 30 September 2020 to approximately HK\$61,645,000 for the six months ended 30 September 2021, which was mainly due to customers became prudent in investment in VCMA systems under the COVID-19 pandemic.

Revenue generated from VCMA maintenance services increased by approximately HK\$1,332,000 or 14.0% from approximately HK\$9,536,000 for the six months ended 30 September 2020 to approximately HK\$10,868,000 for the six months ended 30 September 2021, which was mainly due to customers intended to maintain maintenance services than upgrading existing audiovisual equipment and related services.

Revenue generated from cloud-based IT+OT managed services amounted to approximately HK\$1,796,000.

For details of the segment information, please refer to note 4 to the condensed consolidated financial statements in this report.

Gross operating profit and gross operating profit margin

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

Gross operating profit decreased by approximately 6.4% from approximately HK\$30,503,000 for the six months ended 30 September 2020 to approximately HK\$28,536,000 for the six months ended 30 September 2021 which was in line with the decrease in revenue for the period.

Gross operating profit margin decreased slightly from approximately 40.5% for the six months ended 30 September 2020 to approximately 38.4% for the six months ended 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Staff cost

Staff cost increased by approximately HK\$1,391,000 or 8.3% from approximately HK\$16,805,000 for the six months ended 30 September 2020 to approximately HK\$18,196,000 for the six months ended 30 September 2021. It was mainly due to the increase in number of staff for cloud-based IT+OT managed services.

Other operating expenses

Other operating expenses mainly comprise of legal and professional fee, promotion and exhibition, rent and rates, trip and travelling expenses and other office expenses. Other operating expenses increased by 41.0% from approximately HK\$3,424,000 for the six months ended 30 September 2020 to approximately HK\$4,828,000 for the six months ended 30 September 2021, which was mainly due to the professional fees and placing commission incurred for equity-settled share-based payment transactions and placing of new Shares respectively during the period.

Income tax expenses

Income tax expenses decreased from approximately HK\$1,167,000 for the six months ended 30 September 2020 to approximately HK\$1,028,000 for the six months ended 30 September 2021, which was due to the decrease in taxable profit in Hong Kong.

Profit for the period

Profit for the period decreased from approximately HK\$9,495,000 for the six months ended 30 September 2020 to approximately HK\$2,794,000 for the six months ended 30 September 2021, which was mainly due to (i) decrease in revenue and gross operating profit; (ii) increase in staff cost; (iii) absence of government subsidies from the Employment Support Scheme; and (iv) additional professional fees and placing commission incurred for equity-settled share-based payment transactions and placing of new Shares respectively during the period.

OTHER INFORMATION

PROSPECTS

Looking forward, the Group will continue to maintain and strengthen its position as one of Hong Kong's leading service providers of VCMA solutions and to further expand its market share in the VCMA solution industry in the PRC.

The Group expects that cloud-based IT+OT managed services will become a key revenue driver in the coming few years, allowing us to target major multi-national and local enterprises in the PRC and provide them with a full range of cloud services – from Software as a Service (SaaS), self-developed data security operation center products and services through to IDC digital management products and 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. 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 will enable the Group to achieve rapid growth in the coming years.

We will adopt a prudent yet proactive development strategy and continue to explore potential investment opportunities, seizing every business opportunity and delivering satisfactory long-term returns to the shareholders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's operation and investments were financed principally by cash generated from its own business operations, bank borrowings and proceeds from issue of new Shares. As at 30 September 2021, the Group had net current assets of approximately HK\$86,967,000 (31 March 2021: HK\$60,076,000) and cash and cash equivalents of approximately HK\$79,704,000 (31 March 2021: HK\$68,692,000). Current liabilities of the Group as at 30 September 2021 included carrying amount of approximately HK\$24,452,000 (31 March 2021: HK\$26,417,000) in bank borrowings that were not repayable within one year from the end of the reporting period but contained a repayment on demand clause.

GEARING RATIO

As at 30 September 2021, the gearing ratio (calculated on the basis of total debt divided by total assets at the end of the reporting period) of the Group was approximately 10.6% (31 March 2021: 12.7%).

OTHER INFORMATION

FOREIGN CURRENCY RISK

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

CAPITAL COMMITMENT

Details of capital commitment are set out in note 17 to the condensed consolidated financial statements in this report.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 September 2021 (2020: nil).

CAPITAL STRUCTURE

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 the issue of new debts or convertible securities or through the repayment of borrowings. Details of bank borrowings of the Group are set out in note 13 to the condensed consolidated financial statements in this report.

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 of the Share Award Scheme are set out in the section headed "Share Award Scheme" below.

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

PLACING OF NEW SHARES UNDER GENERAL MANDATE

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

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

The net proceeds from the Placing, after deduction of the placing commission and other costs and expenses relating to the Placing, amounted to approximately HK\$27,530,000.

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

	Planned use of proceeds HK\$' million	Actual use of proceeds up to 30 September 2021 HK\$' million	Unused net proceeds as at 30 September 2021 HK\$' million
Enhancing the development of VCMA solution services business in the PRC	12.39	0.01	12.38
Development of IT+OT business in the PRC	12.39	–	12.39
Working capital and general corporate purposes	2.75	0.61	2.14
Total	27.53	0.62	26.91

It is expected that the unused net proceeds will be utilized during the year ending 31 March 2022. Further details of the Placing are set out in the Company’s announcements dated 11 August 2021 and 19 August 2021.

OTHER INFORMATION

CHARGE ON THE GROUP'S ASSETS

As at 30 September 2021, land and buildings of approximately HK\$81,470,000 (31 March 2021: HK\$82,786,000) were pledged to secure banking facilities granted to the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2021 (31 March 2021: nil).

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the period.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 30 September 2021, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in note 17 to the condensed consolidated financial statements in this report and the section headed "Placing of New Shares under General Mandate", the Group did not have other plans for material investments or capital assets as at 30 September 2021.

CHANGE IN INFORMATION OF DIRECTORS

During the six months ended 30 September 2021, there was no change in any of the information disclosed pursuant to the requirement under paragraphs (a) to (e) and (g) of rule 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021, the Group employed 79 (31 March 2021: 71) full-time employees. The remuneration policy of the Group to reward its employees and executives is based on their performance, qualification, working experience, competence displayed with reference to selected comparable market remuneration data.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, none of the Company or its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

The Share Option Scheme was adopted under the written resolutions of the shareholders of the Company passed on 11 May 2015. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group.

Details of share options granted during the six months ended 30 September 2021 are set out in note 14 to the condensed consolidated financial statements in this report.

As at the date of this report, the total number of Shares available for issue under the Share Option Scheme is 97,000,000, being the balance of 10.0% of the Company's shares in issue as at the date of approval of the scheme mandate limit deducting the total number of options granted under the Share Option Scheme, and represents approximately 9.2% of the existing issued share capital of the Company.

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.

OTHER INFORMATION

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 of the Company at the annual general meeting of the Company held on 7 August 2020.

As at the date of this report, a total of 500,000 Shares were granted under the Share Award Scheme, leaving behind 149,500,000 Shares being available for grant under the scheme limit.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE 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 to the Listing Rules. The Company, having made specific enquiries of all Directors, was not aware of any non-compliance with the Model Code during the period.

DISCLOSURE OF INTERESTS

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

As at 30 September 2021, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”) (i) as recorded in the register required to be kept under section 352 of the SFO; or (ii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in the Model Code, were as follows:

Name	Capacity/Nature of interest	Number of Shares held (Note 1)	Percentage of issued Shares
Mr. Zhong Naixiong	Interest of controlled corporation (Note 2)	600,000,000	57.12%
Dr. Wong King Keung	Beneficial owner	150,000,000	14.28%

Notes:

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

OTHER INFORMATION

Save as disclosed above, as at 30 September 2021, none of the Directors and the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) as recorded in the register required to be kept under section 352 of the SFO or (ii) as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in the Model Code.

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

As at 30 September 2021, so far as is known to the Directors and the chief executive of the Company, the following corporations or persons (other than the Directors or the chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

Name	Capacity/Nature of interest	Number of Shares <i>(Note 1)</i>	Percentage of issued Shares
Phoenix Time Holdings Limited	Beneficial owner	600,000,000	57.12%
Ms. Chen Minling <i>(Note 2)</i>	Interests of spouse	600,000,000	57.12%
Ms. Wong Lau Sau Yee Angeli <i>(Note 3)</i>	Interests of spouse	150,000,000	14.28%

Notes:

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

Save as disclosed above, as at 30 September 2021, the Directors and the chief executive of the Company are not aware of any other person, not being a Director or a chief executive of the Company, who had, or was deemed or taken to have an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 September 2021, none of the Directors or their respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company maintains a high standard of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules (the "**CG Code**"). To the best knowledge of the Board, the Company had complied with the CG Code during the period and up to the date of this report.

REVIEW OF RESULTS

The Company has established an audit committee (the "**Audit Committee**") in accordance with the Listing Rules and the requirements of the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Fong Chi, Mr. Lum Pak Sum and Mr. Li Ying Wai Wayne. Mr. Lum Pak Sum is the chairman of the Audit Committee.

OTHER INFORMATION

The Audit Committee has reviewed the unaudited consolidated results of the Group for the period and this report and is of the view that they have complied with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

SUFFICIENCY OF PUBLIC FLOAT

From the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the public float as required by the Listing Rules as at the date of this report.

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 report that requires disclosure.

By order of the Board

Zhong Naixiong

Chairman

Hong Kong, 19 November 2021

As at the date of this report, 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.