

**i-CONTROL HOLDINGS LTD:
LOOKS CAN BE HORRIBLY DECEIVING**

On a fugacious inspection of the Bottom Lines in respect of the two Financial Years, ended March 31, 2014, one might be tempted to think that i-Control Holding Ltd () (Code: 8355, The **G**rowth **E**nterprise **M**arket [The **GEM**] of The Stock Exchange of Hongkong Ltd) is doing extremely well, bringing in the shekels by the ton.

But, on careful inspection, leading to a forensic analysis of this Company's financials, that first determination in respect of the financial results with regard to those 24 months would prove to be as far from that which one would have expected as one could have imagined.

i-Control Holdings published and disseminated its Placing Prospectus on May 14, 2015.

In a nutshell, Management of this Company is intent on enticing prospective investors to buy into the Company, hoping to garner about \$HK63.10 million by Placing a total of 250 million, one-cent Shares at the Indicative Offer Price Per Share, ranging between a low of 30 cents and a high of 39 cents.

At Page 248 of the Placing Prospectus, one reads:

'Our Directors believe that the Listing will enhance our Group's profile and recognition as well as enable us to implement our business plan as set out in this section. Furthermore, the Listing and the Placing will provide us with access to the capital market for future corporate finance exercises to assist in our future business development and further strengthen and enhance our competitiveness.'

(**TARGET** [] will come back to the above '**REASONS OF THE PLACING**' later on in this analysis.)

The Initial Public Offering (IPO)

At the Offer Price Per Share of 34.50 cents, being the midpoint of the Indicative Offer Price, the Company expected to net about \$HK63.10 million.

That amount of money would be destined to be utilised as follows, one is informed at Page 248 of the Placing Prospectus:

1. To acquire a warehouse in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), gobbling up about \$HK29.50 million, representing about 46.80 percent of the net proceeds from the Placements of Shares;
2. To establish new regional offices and showrooms and to recruit 15 new staff members in Beijing, Shanghai and Singapore at a cost of about \$HK13.70 million, representing about 21.70 percent of the net proceeds;

3. To recruit about five senior sales staff in order to expand the company's video conferencing and multimedia, audiovisual solution business in the HKSAR at a cost of about \$HK11.50 million, representing about 18.20 percent of the net proceeds;
4. To engage in marketing and promotional activities in order to improve public awareness of the Company at a cost of about \$HK2.40 million, representing about 3.80 percent of the net proceeds; and,
5. Leftover money, about \$HK6 million, will be chunked into the Company's Working Capital Account.

At Page 239 of the Placing Prospectus, one reads:

'We declared dividends of approximately HK\$9.0 million to our Shareholders on 5 February 2015 and paid approximately HK\$9.0 million to our Shareholders on 27 February 2015. We declared and paid dividends of approximately HK\$6.0 million for the year ended 31 March 2013. We declared dividends of approximately HK\$30.9 million for the year ended 31 March 2014 and paid approximately HK\$20.3 million and HK\$10.6 million for the year ended 31 March 2014 and nine months ended 31 December 2014. We did not declare dividends for the nine months ended 31 December 2014.'

'Our historical declarations of dividends may not reflect our future dividend payout ratio.'

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