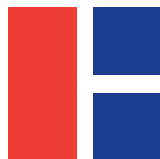


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **ICO GROUP LIMITED**

**揚科集團有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8140)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “Directors”) of ICO Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Company Announcements” page for at least seven days from the date of its posting. This announcement will also be published and remains on the Company’s website at [www.ico.com.hk](http://www.ico.com.hk).*

\* For identification purpose only

## ANNUAL RESULTS

The board of Directors (the “Board”) of ICO Group Limited is pleased to announce the audited results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2015, together with comparative audited figures for the preceding financial year, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 March 2015*

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	4	<b>389,268</b>	189,984
Cost of sales		<b>(317,125)</b>	(150,957)
<b>Gross profit</b>		<b>72,143</b>	39,027
Other revenue	5	<b>1,148</b>	344
Other net income	6	<b>571</b>	139
General and administrative expenses		<b>(43,366)</b>	(36,927)
<b>Profit from operations</b>		<b>30,496</b>	2,583
Finance costs	7(a)	<b>(176)</b>	(147)
<b>Profit before taxation</b>	7	<b>30,320</b>	2,436
Income tax	8	<b>(6,116)</b>	(1,806)
<b>Profit for the year</b>		<b>24,204</b>	630
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>20,067</b>	(1,590)
Non-controlling interests		<b>4,137</b>	2,220
<b>Profit for the year</b>		<b>24,204</b>	630
<b>Earnings/(loss) per share</b>	10		
Basic and diluted (HK cents per share)		<b>2.64</b>	(0.21)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 March 2015*

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>24,204</b>	630
<b>Other comprehensive income/(loss) for the year</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences:		
— on translation of financial statements of entities outside Hong Kong	(4)	16
— reclassification adjustments for an amount transferred to profit or loss upon the disposal of foreign operations	—	(36)
	<b>(4)</b>	(20)
<b>Total comprehensive income for the year</b>	<b>24,200</b>	610
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>20,063</b>	(1,610)
Non-controlling interests	<b>4,137</b>	2,220
<b>Total comprehensive income for the year</b>	<b>24,200</b>	610

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 March 2015 <i>HK\$'000</i>	31 March 2014 <i>HK\$'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Plant and equipment		1,315	1,198
Intangible assets		88	22
		1,403	1,220
<b>Current assets</b>			
Trade and other receivables	11	71,167	46,783
Tax recoverable		–	1,100
Cash and cash equivalents		142,790	14,005
		213,957	61,888
<b>Current liabilities</b>			
Bank borrowings		–	(3,343)
Trade and other payables	12	(85,281)	(34,709)
Obligation under a finance lease		(149)	(339)
Current taxation		(4,705)	(387)
		(90,135)	(38,778)
<b>Net current assets</b>		123,822	23,110
<b>Total assets less current liabilities</b>		125,225	24,330
<b>Non-current liabilities</b>			
Obligation under a finance lease		–	(149)
Deferred tax liabilities		(161)	(161)
		(161)	(310)
<b>Net assets</b>		125,064	24,020
<b>Equity</b>			
Share capital	13	10,000	1
Reserves		110,053	21,185
<b>Total equity attributable to equity shareholders of the Company</b>		120,053	21,186
Non-controlling interests		5,011	2,834
<b>Total equity</b>		125,064	24,020

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 March 2015*

Note	Attributable to equity shareholders of the Company					Non- controlling interest HK\$'000	Total equity HK\$'000
	Capital	Share	Exchange	Retained	Total		
	HK\$'000	premium HK\$'000	reserve HK\$'000	earnings HK\$'000	HK\$'000		
<b>Balance at 1 April 2013</b>	1	–	(238)	34,954	34,717	1,633	36,350
<b>Changes in equity for 2013/14:</b>							
Profit/(loss) for the year	–	–	–	(1,590)	(1,590)	2,220	630
Other comprehensive loss for the year	–	–	(20)	–	(20)	–	(20)
Total comprehensive income/(loss) for the year	–	–	(20)	(1,590)	(1,610)	2,220	610
Disposal of subsidiaries	–	–	–	–	–	2,215	2,215
Interim dividend declared to non-controlling shareholders in respect of the current year	–	–	–	–	–	(3,234)	(3,234)
Interim dividend declared to the controlling equity shareholders of the Company in respect of the current year	–	–	–	(11,921)	(11,921)	–	(11,921)
<b>Balance at 31 March 2014 and 1 April 2014</b>	1	–	(258)	21,443	21,186	2,834	24,020
<b>Changes in equity for 2014/15:</b>							
Profit for the year	–	–	–	20,067	20,067	4,137	24,204
Other comprehensive loss for the year	–	–	(4)	–	(4)	–	(4)
Total comprehensive income/(loss) for the year	–	–	(4)	20,067	20,063	4,137	24,200
Capitalisation issue	13(iv) 7,499	(7,499)	–	–	–	–	–
Issuance of shares under IPO, net of share issuance expenses	13(v) 2,500	86,284	–	–	88,784	–	88,784
Interim dividend declared to non-controlling equity shareholders of the Company in respect of the current year	–	–	–	–	–	(1,960)	(1,960)
Interim dividend declared to the controlling equity shareholders of the Company in respect of the current year	–	–	–	(9,980)	(9,980)	–	(9,980)
<b>Balance at 31 March 2015</b>	<u>10,000</u>	<u>78,785</u>	<u>(262)</u>	<u>31,530</u>	<u>120,053</u>	<u>5,011</u>	<u>125,064</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL

ICO Group Limited (the “Company”) was incorporated in the Cayman Islands on 26 April 2013 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the businesses of IT application and solution development, IT infrastructure solutions, secondment services and maintenance and support services.

Pursuant to a group reorganisation (the “Reorganisation”) which was completed on 27 February 2015 to rationalise the group structure in preparation for the listing of the Company’s shares on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the Company became the holding company of the subsidiaries now comprising the Group. The Company’s shares were listed on the GEM of the Stock Exchange on 18 March 2015.

### 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27, *Investment entities*
- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*
- HK(IFRIC) 21, *Levies*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of new or amended HKFRSs are discussed below:

#### **Amendments to HKFRS 10, HKFRS 12 and HKAS 27, Investment entities**

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on these financial statements as the Company does not qualify to be an investment entity.

#### **Amendments to HKAS 32, Offsetting financial assets and financial liabilities**

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

#### **Amendments to HKAS 36, Recoverable amount disclosures for non-financial assets**

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or a cash-generating unit (“CGU”) whose recoverable amount is based on fair value less costs of disposal. The initial adoption of these amendments in the reporting period do not have an impact on the Group’s financial statements as the Group has not recognised or reversed any impairment loss on individual non-financial asset or CGU.

### **Amendments to HKAS 39, Novation of derivatives and continuation of hedge accounting**

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

### **HK(IFRIC) 21, Levies**

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on these financial statements as the guidance is consistent with the Group's existing accounting policies.

In addition, the Company has early adopted the amendments to the GEM Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The adoption of the disclosure requirements has primarily impacted the presentation and disclosure of information in the consolidated financial statements.

## **3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The companies that took part in the Reorganisation were controlled by Mr. Lee Cheong Yuen, Mr. Yong Man Kin, Mr. Chun Kwok Pui and Mr. Tam Kwok Wah, the controlling shareholders, prior to and after the Reorganisation. The control is not transitional and consequently, there was a continuation of the risks and benefits to the controlling shareholders. Therefore, the Reorganisation is considered as a business combination of entities under common control and was accounted for on the basis of merger accounting. The consolidated financial statements of the Group have been prepared as if the current group structure had been in existence at the beginning of the reporting periods presented unless the combining companies first came under common control at a later date. The assets and liabilities of the combining companies are consolidated using the existing book value from the controlling shareholders' perspective.

The consolidated financial statements for the year ended 31 March 2015 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 4. REVENUE AND SEGMENT REPORTING

##### (a) Revenue

The principal activities of the Group are the provision of IT application and solution development, IT infrastructure solutions, secondment services, maintenance and support services. The amount of each significant category of revenue is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
IT application and solution development		
— IT application solution services	<b>37,970</b>	21,679
— Procurement of third party hardware and software	<b>119,661</b>	–
	<b>157,631</b>	21,679
IT infrastructure solutions		
— IT infrastructure solution services	<b>13,954</b>	8,628
— Procurement of third party hardware and software	<b>158,573</b>	99,403
	<b>172,527</b>	108,031
Secondment services	<b>36,984</b>	40,660
Maintenance and support services	<b>22,126</b>	19,614
	<b>389,268</b>	189,984

##### *Information about major customers*

Revenues from customers contributing over 10% of the total revenue of the Group during the year are as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Customer A <sup>1</sup>	N/A*	27,465
Customer B <sup>1</sup>	N/A*	705
Customer B <sup>2</sup>	N/A*	25,305
	N/A*	26,010
Customer C <sup>3</sup>	<b>135,796</b>	–

<sup>1</sup> Revenue from secondment services.

<sup>2</sup> Revenue from IT infrastructure solutions.

<sup>3</sup> Revenue from IT application and solution development.

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the relevant year.

Further details regarding the Group's principal activities are discussed below.



**(b) Segment reporting**

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- IT application and solution development: this segment provides design and implementation of IT application solution services and procurements of third party hardware and software.
- IT infrastructure solutions: this segment provides IT infrastructure solutions services and sale of IT infrastructure solution related hardware and software.
- Secondment services: this segment provides secondment services for a fixed period of time pursuant to the secondment service agreements.
- Maintenance and support services: this segment provides maintenance and support services.

*(i) Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment profit is gross profit. No inter-segment sales have occurred during the year. The Group's other income and expense items, such as general and administrative expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, depreciation and amortization, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2015 and 2014 is set out below.

	Year ended 31 March 2015				Total HK\$'000
	IT application and solution development HK\$'000	IT infrastructure solutions HK\$'000	Secondment services HK\$'000	Maintenance and support service HK\$'000	
Revenue from external customers and reportable segment revenue	<u>157,631</u>	<u>172,527</u>	<u>36,984</u>	<u>22,126</u>	<u>389,268</u>
Reportable segment gross profit	<u>36,381</u>	<u>18,135</u>	<u>9,828</u>	<u>7,799</u>	<u>72,143</u>

	Year ended 31 March 2014				Total HK\$'000
	IT application and solution development HK\$'000	IT infrastructure solutions HK\$'000	Secondment services HK\$'000	Maintenance and support service HK\$'000	
Revenue from external customers and reportable segment revenue	21,679	108,031	40,660	19,614	189,984
Reportable segment gross profit	10,458	11,410	10,705	6,454	39,027

(ii) *Geographic information*

The following table sets out information about the geographical location of the Group's revenue from external customers and the Group's plant and equipment and intangible assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of plant and equipment, and the location of the operation, in the case of intangible assets.

The geographical information of the Group's revenue from external customers for the years ended 31 March 2015 and 2014 and the Group's specified non-current assets as at 31 March 2015 and 2014 is set out below:

	Revenue from external customers		Specified non-current assets	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong (place of domicile)	389,268	189,984	1,360	1,134
The PRC	–	–	43	86
	<u>389,268</u>	<u>189,984</u>	<u>1,403</u>	<u>1,220</u>

5. OTHER REVENUE

	2015 HK\$'000	2014 HK\$'000
Bank interest income	26	16
Marketing income	293	328
Others	829	–
	<u>1,148</u>	<u>344</u>

6. OTHER NET INCOME

	2015 HK\$'000	2014 HK\$'000
Net foreign exchange gain	571	139

## 7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Total interest expense on financial liabilities not at fair value through profit or loss:		
Interest on bank borrowings	151	121
Finance charges on obligation under a finance lease	25	26
	<u>176</u>	<u>147</u>

### (b) Staff costs (including directors' remuneration)

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Salaries, wages and other benefits	88,900	77,183
Contributions to defined contribution retirement plan	3,249	2,642
	<u>92,149</u>	<u>79,825</u>

### (c) Other items

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of hardware and software sold	241,370	87,545
Amortisation of intangible assets	21	13
Depreciation of plant and equipment	541	449
Auditors' remuneration		
— audit services	1,270	1,100
— other services	1,010	500
Operating lease charges in respect of properties	2,097	1,977
	<u>248,311</u>	<u>92,591</u>

## 8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income Tax in the consolidated statement of profit or loss represents:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Current tax — Hong Kong Profits Tax</b>		
Provision for the year	6,060	1,722
Under-provision in respect of prior years	56	5
	<u>6,116</u>	<u>1,727</u>
<b>Deferred taxation</b>		
Origination of temporary differences	—	79
	<u>6,116</u>	<u>1,806</u>

The statutory income tax rate of the Company and its subsidiaries registered in Hong Kong is 16.5% (2014: 16.5%). The PRC's Corporate Income Tax rate is 25% (2014: 25%).

No provision for PRC Corporate Income Tax has been made as the subsidiaries established in the PRC did not have assessable profits subject to PRC Corporate Income Tax during the years ended 31 March 2015 and 2014.

The Company and its subsidiaries incorporated in the Cayman Islands and the BVI, respectively, are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

## 9. DIVIDENDS

Interim dividends during the years ended 31 March 2015 and 2014 represented dividends declared by the companies now comprising the Group to the controlling shareholders.

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2015.

## 10. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of HK\$20,067,000 (2014: loss of HK\$1,590,000) and the weighted average number of 759,589,000 ordinary shares (2014: 750,000,000 ordinary shares in issue during the year).

The weighted average number of ordinary shares during the year ended 31 March 2015 is based on the assumption that 750,000,000 ordinary shares of the Company were in issue, comprising 1,000 ordinary shares in issue and 749,999,000 ordinary shares issued pursuant to the capitalisation issue, as if these shares were outstanding throughout the period from 1 April 2014 to the Listing Date, and 250,000,000 ordinary shares issued under the placing of the Company's new shares (the "IPO").

The weighted average number of ordinary shares during the year ended 31 March 2014 is based on the assumption that 750,000,000 ordinary shares of the Company were in issue, comprising 1,000 ordinary shares in issue and 749,999,000 ordinary shares issued pursuant to the capitalisation issue, as if these shares were outstanding throughout that year.

	<b>2015</b>	2014
	<b>'000</b>	'000
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at the date of the prospectus	<b>1</b>	1
Effect of capitalisation issue	<b>749,999</b>	749,999
Effect of issuance of new shares under the IPO	<b>9,589</b>	–
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 March	<b>759,589</b>	750,000
	<hr/> <hr/>	<hr/> <hr/>

### (b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2015 and 2014.

## 11. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
Trade debtors	(a), (e)	<b>45,026</b>	38,608
Gross amounts due from customers for contract work	(d)	<b>23,247</b>	4,192
Amounts due from related parties		–	2,917
Other receivables		<b>77</b>	25
Rental and other deposits		<b>1,097</b>	729
Prepayments		<b>1,720</b>	312
		<b>71,167</b>	46,783

*Notes:*

### (a) Ageing analysis of trade debtors

The ageing analysis of trade debtors by age, presented based on the date of billing is as follows:

	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i>
Within 1 month	<b>33,941</b>	27,052
1 to 3 months	<b>7,717</b>	7,688
Over 3 months	<b>3,368</b>	3,868
	<b>45,026</b>	38,608

Trade debtors are due within 60 days from the date of billing.

### (b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly. For the years ended 31 March 2015 and 2014, the Group did not record any impairment losses in respect of trade debtors.

**(c) Trade debtors that are not impaired**

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Neither past due nor impaired	40,320	27,416
Less than 1 month past due	1,228	5,848
1 to 3 months past due	2,945	3,084
Over 3 months past due	533	2,260
	<u>4,706</u>	<u>11,192</u>
	<u>45,026</u>	<u>38,608</u>

Receivables that were neither past due nor impaired relate to debtors for whom there was no recent history of default.

Receivables that were past due but not impaired relate to customers that have a good credit record. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

**(d) Project contracts in progress**

As at 31 March 2015 and 2014, the aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amounts due from customers for contract work, was approximately HK\$35,008,000 and HK\$26,213,000, respectively. The gross amounts due from customers for contract work are expected to be recovered within one year.

**(e) Retention receivables**

As at 31 March 2015, included in trade debtors are retention receivables in respect of project contracts of HK\$375,000. The balance was not expected to be recovered within one year.

As at 31 March 2014, included in trade debtors are retention receivables of another project contracts of HK\$395,000. The balance was recovered during the year ended 31 March 2015.

**12. TRADE AND OTHER PAYABLES**

	<i>Note</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade creditors	(a)	48,189	13,939
Customers' deposits received		21,400	2,078
Deferred income		–	1,577
Accrued service costs		496	4,330
Other accrued expenses		15,196	7,779
Amounts due to related parties		–	4,781
Dividend payable to equity owners of the Company		–	225
		<u>85,281</u>	<u>34,709</u>

Notes:

**(a) Ageing analysis of trade creditors**

As at 31 March 2015 and 2014, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 1 month	<b>44,025</b>	8,823
1 to 3 months	<b>4,133</b>	5,101
Over 3 months	<b>31</b>	15
	<u><b>48,189</b></u>	<u>13,939</u>

**13. SHARE CAPITAL**

	<b>Number of shares</b>	<b>Share capital <i>HK\$'000</i></b>
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each	<u>10,000,000,000</u>	<u>100,000</u>
<b>Issued and fully paid:</b>		
At 26 April 2013 (date of incorporation) <i>(note (i))</i>	1	–
Issuance of shares <i>(note (ii))</i>	<u>999</u>	<u>1</u>
At 31 March 2014 and 1 April 2014 <i>(note (iii))</i>	1,000	1
Capitalisation issue <i>(note (iv))</i>	749,999,000	7,499
Issuance of shares under IPO <i>(note (v))</i>	<u>250,000,000</u>	<u>2,500</u>
At 31 March 2015	<u><u>1,000,000,000</u></u>	<u><u>10,000</u></u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

*Notes:*

- (i) The Company was incorporated on 26 April 2013 with an authorised share capital of HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each. On the same date, the Company allotted and issued one share of HK\$0.01 each to its then shareholder.
- (ii) On 5 July 2013, further 999 shares, as to 374 shares, 390 shares, 110 shares and 125 shares were allotted and issued, credited as fully paid, to Friends True Limited, BIZ Cloud Limited, Cloud Gear Limited and Imagine Cloud Limited respectively.
- (iii) Upon the completion of the Reorganisation on 27 February 2015, the Company became the holding company of the Group.

Since the Reorganisation was not completed on 31 March 2014, the share capital in the consolidated statement of financial position as at 31 March 2014 represented the aggregate amount of share capital of the Company, Great Talent and Wide Ocean. The share capital in the consolidated statement of financial position as at 31 March 2015 represented the share capital of the Company.

- (iv) On 3 March 2015, pursuant to a written resolution of the shareholders of the Company, the directors of the Company were authorised to allot and issue a total of 749,999,000 shares, by way of capitalisation of the sum of HK\$7,499,990 standing to the credit of the share premium account of the Company, credited as fully paid at par to the then existing shareholders of the Company. This resolution was conditional on the share premium account being credited as a result of the Company's IPO and pursuant to this resolution, the sum of HK\$7,499,990 standing to the credit of the share premium account of the Company was subsequently applied in paying up this capitalisation in full upon the Listing Date.
- (v) On 18 March 2015, the Company was successfully listed on the GEM of the Stock Exchange following the completion of its IPO of 250,000,000 shares of HK\$0.01 each issued at a price of HK\$0.38 per share. Proceeds of HK\$2,500,000, representing the par value of shares issued, were credited to the Company's share capital. The remaining proceeds of approximately HK\$86,284,000, after deducting share issuance expenses of approximately HK\$6,216,000, were credited to the share premium account.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

The shares of the Company were successfully listed on GEM of the Stock Exchange on 18 March 2015 (the “Listing”). The Group is principally engaged in the following businesses: (i) provision of IT application and solution development services; (ii) provision of IT infrastructure solutions; (iii) provision of secondment services; and (iv) provision of maintenance and support services.

### **BUSINESS REVIEW AND OUTLOOK**

For the year ended 31 March 2015 (“FY2015”), the Group’s operations and business achieved a significant growth when compared to the results for the year ended 31 March 2014 (“FY2014”).

#### **Provision of IT application and solution development services**

This segment provides design and implementation of IT application solution services and procurements of third party hardware and software. The revenue generated from provision of IT application and solution development services amounted to approximately HK\$157.6 million, representing approximately 40% of the revenue for FY2015. The revenue derived from provision of IT application and solution development services increased by approximately 6.3 times from HK\$21.7 million for FY2014 to approximately HK\$157.6 million for FY2015, the increase was primarily due to the significant amount of revenue recognised from the Group’s largest IT project in progress due to its scale and the Group’s ability to meet the expected timetable and development schedule.

#### **Provision of IT infrastructure solutions**

This segment provides IT infrastructure solutions services and sale of IT infrastructure solution related hardware and software. The majority of the Group’s revenue was generated from provision of IT infrastructure solutions which accounted for approximately 44% of the revenue for FY2015. The revenue from provision of IT infrastructure solutions increased from approximately HK\$108.0 million for FY2014 to approximately HK\$172.5 million for FY2015, the increase was primarily due to (i) the Group expanded its market in the financial sector during FY2015; and (ii) demand from existing customers increased due to their needs for technological refreshment.

#### **Provision of secondment services**

This segment provides secondment services for a fixed period of time pursuant to the secondment service agreements. The revenue generated from provision of secondment services amounted to approximately HK\$37.0 million, representing approximately 10% of the revenue for FY2015. The revenue derived from provision of secondment services decreased by approximately 9% from approximately HK\$40.7 million for FY2014 to approximately HK\$37.0 million for FY2015, the decrease was primarily due to the completion of secondment contracts during FY2015.

## **Provision of maintenance and support services**

This segment provides maintenance and support services. The revenue generated from provision of maintenance and support services amounted to approximately HK\$22.1 million, representing approximately 6% of the revenue for FY2015. The revenue derived from provision of maintenance and support services increased by approximately 13% from HK\$19.6 million for FY2014 to HK\$22.1 million for FY2015, the increase was primarily due to (i) a number of new maintenance and support services agreements were awarded by existing customers from IT application and solution development and IT infrastructure solutions segments, for which the majority were awarded subsequent to the completion of IT application and solution development and IT infrastructure solution services; and (ii) an increase in premium charged for renewal of existing maintenance and support contracts during FY2015.

The Group believes that in an increasingly competitive business environment, establishing strategic alliances and joint ventures with business partners and investing in new opportunities will be critical to the development of the Group. We therefore will continue to expand our market share and strengthen the market position of our business and exploring business cooperation and opportunities from time to time. Given the Group had continued to carry out the expansion plan as disclosed in the Prospectus, including expansion of IT application and solution development business and exploring merger, acquisition or business collaboration etc., the Group will also explore business opportunities in providing O2O (online to offline) e-commerce platforms through mobile application systems, such as mobile payment securities systems, and logistic and tracking systems.

Looking ahead, we will continue to focus on traditional IT business, as well as the increasingly popular O2O platforms, mobile applications and “cloud” applications, the Group would seize opportunities by expanding and exploring its market in provision of mobile application products and services.

## **FINANCIAL REVIEW**

### **Revenue**

The Group’s revenue for FY2015 amounted to approximately HK\$389.3 million, representing an increase of approximately HK\$199.3 million or 105% compared to FY2014 (2014: approximately HK\$190.0 million). The increase was mainly attributable to the combined effect of: (i) the increase in revenue generated from provision of IT application and solution development services of approximately HK\$136.0 million; (ii) the increase in revenue generated from provision of IT infrastructure solutions of approximately HK\$64.5 million; (iii) the increase in revenue generated from provision of maintenance and support services of approximately HK\$2.5 million; and (iv) a decrease in revenue generated from provision of secondment services of approximately HK\$3.7 million.

## **Gross profit and gross profit margin**

The gross profit of the Group increased by approximately 85% from approximately HK\$39.0 million for FY2014 to approximately HK\$72.1 million for FY2015, while the gross profit margin of the Group decreased by approximately 10% from approximately 21% for FY2014 to approximately 19% for FY2015. Such changes were primarily due to (i) the increase in gross profit generated from provision of IT infrastructure solutions by approximately 59% from approximately HK\$11.4 million for FY2014 to approximately HK\$18.1 million for FY2015, which was in line with the increase in revenue for this segment; and (ii) the increase in gross profit generated from provision of IT application and solution development services by approximately 2.5 times from approximately HK\$10.5 million for FY2014 to approximately HK\$36.4 million for FY2015, which was resulted from an combined effect of the increase in revenue and a decrease in gross profit margin due to the adoption of a competitive pricing strategy for the largest IT project in progress and the low gross profit margin arising from the procurement services performed for the largest IT project in progress.

## **Administrative expenses**

The Group's administrative expenses for FY2015 amounted to approximately HK\$43.4 million, representing an increase of approximately HK\$6.4 million or 17% as compared to FY2014 (2014: approximately HK\$36.9 million). The increase was primarily attributable to the combined effect of: (i) the increase in administrative staff costs (excluding directors' emoluments) of approximately HK\$5.1 million due to the significant manpower involved in the pre-sale activities in relation to the largest IT project in progress; and (ii) the increase in marketing expenses of approximately HK\$1.9 million as a result of the Group's effort to expand its markets and seek business opportunities.

## **Listing expenses**

For FY2014 and FY2015, the one-off listing expenses of approximately HK\$7.4 million and HK\$6.6 million respectively, which was included in administrative expenses, have been recorded by the Group.

## **Profit for the year**

The Group recorded a net profit of approximately HK\$24.2 million for FY2015 as compared to a net profit of approximately HK\$0.6 million for FY2014. The increase in net profit was mainly attributable to the combined effect of: (i) the increase in gross profit of approximately HK\$33.1 million as compared to FY2014; and (ii) the increase in administrative expenses of approximately HK\$6.4 million as compared to FY2014; and (iii) the increase in provision for income tax of approximately HK\$4.3 million as compared to FY2014 as a result of the increase in profit before taxation.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2015, the shareholders' funds of the Group amounted to approximately HK\$120.1 million. Current assets were approximately HK\$214.0 million, mainly comprised of cash and cash equivalents of approximately HK\$142.8 million and trade and other receivables of approximately HK\$71.2 million. Current liabilities mainly comprised of trade and other payables of approximately HK\$85.3 million and tax payable of approximately HK\$4.7 million. The significant increase in current assets and current liabilities of the Group was primarily attributable to (i) the receipt of net proceeds from placing by the Group of approximately HK\$75.5 million during FY2015 and (ii) the increase in working capital and receipt of service income following the commencement of the largest IT project in progress during FY2015. The net asset value per share was approximately HK\$0.13. The Group's gearing ratio, expressed as a percentage of bank borrowings and long-term debts over total equity, was nil. As at 31 March 2015, the liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was 2.4 times (2014: 1.6 times).

## **CAPITAL STRUCTURE**

The shares of the Company were successfully listed on GEM of the Stock Exchange on 18 March 2015. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares.

As at 31 March 2015, the Company's issued share capital was HK\$10,000,000 and the number of its issued ordinary shares was 1,000,000,000 of HK\$0.01 each.

## **COMMITMENTS**

As at 31 March 2015, the Group had operating lease commitments in respect of rented office of approximately HK\$5,571,000 (2014: HK\$1,692,000).

As at 31 March 2015, the Group did not have any significant capital commitments (2014: Nil).

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During FY2015, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies save for those related to the reorganisation, for which the details are set out in the Prospectus.

## **SIGNIFICANT INVESTMENTS**

As at 31 March 2015, the Group did not hold any significant investments.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 31 March 2015 (2014: Nil).

## **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

For FY2015, the Group was only exposed to limited currency exchange rate fluctuation risks as virtually all of the Group's monetary assets and liabilities were denominated in Hong Kong dollars as it conducts its business transactions principally in this currency. The currency exchange rate risk of the Group is therefore considered to be immaterial, and the Group did not engage in any hedging activity.

## **CHARGE ON GROUP'S ASSETS**

As at 31 March 2015 and 2014, the Group had no charges on the Group's assets.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2015, the Group employed a total of 242 full-time employees (2014: 205). The staff costs, including Directors' emoluments, of the Group were approximately HK\$92.1 million for FY2015 (2014: approximately HK\$79.8 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from 18 March 2015 (the "Date of Listing") to 31 March 2015 is set out below:

<b>Business objectives</b>	<b>Actual progress</b>
Purchase of new office premises as well as equipping and renovating our existing office premises	As at 31 March 2015, the planned amount has not been utilised and will be carried forward to the next six months ending 30 September 2015
Expanding our professional team and enhancing our service quality	Not Applicable as at 31 March 2015
Strategic growth through merger, acquisition or business collaboration	Not Applicable as at 31 March 2015
Expansion of IT application and solution development business	Not Applicable as at 31 March 2015
Starting a research and development team	Not Applicable as at 31 March 2015
Strengthening our marketing efforts	Not Applicable as at 31 March 2015
Working capital and other general corporate purposes	Not Applicable as at 31 March 2015

## USE OF PROCEEDS

The net proceeds from placing, after deducting listing related expenses, were approximately HK\$75.5 million. After the Listing, these proceeds had been applied for the purposes in accordance with the future plans and use of proceeds as set out in the Prospectus.

An analysis of the utilisation of the net proceeds from the placing and the unused amount as at 31 March 2015 is set out below:

	Net proceeds from the placing <i>HK\$'000</i>	Planned amount utilised up to 31 March 2015 <i>HK\$'000</i>	Actual utilised amount as at 31 March 2015 <i>HK\$'000</i>	Unutilised amount as at 31 March 2015 <i>HK\$'000</i>
Purchase of new office premises as well as equipping and renovating our existing office premises	19,400	1,000	–	19,400
Expanding our professional team and enhancing our service quality	15,800	–	–	15,800
Strategic growth through merger, acquisition or business collaboration	15,600	–	–	15,600
Expansion of IT application and solution development business	9,400	–	–	9,400
Starting a research and development team	5,400	–	–	5,400
Strengthening our marketing efforts	2,400	–	–	2,400
Working capital and other general corporate purposes	7,500	–	–	7,500
Total	<u>75,500</u>	<u>1,000</u>	<u>–</u>	<u>75,500</u>

## OTHER INFORMATION

### Corporate Governance Practices

Since the Listing, the Board recognized that the transparency and accountability is important to a listed company. Therefore, the Company is committed to establish and maintain good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture which would benefit the Company's stakeholders as a whole.

The Board has adopted and complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. The Directors of the Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.



The Board is pleased to report compliance with the code provisions of the CG Code for the period from the date of the Listing (18 March 2015) to 31 March 2015, except that code provision A.2.7 of the CG Code requires the chairman of the board to hold meetings at least annually with the non-executive directors (including independent non-executive directors) without the executive directors' presence. The Chairman did not hold meeting with the non-executive Directors for the year ended 31 March 2015 since the shares of the Company were listed on 18 March 2015. As Mr. Yong Man Kin, the chairman of the Board, is also an executive Director, the Company has deviated from this code provision as it is not practicable.

### **Directors' Securities Transactions**

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all the Directors and the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors throughout the period from the date of the Listing to 31 March 2015.

### **Purchase, Sale or Redemption of Listed Securities**

Since the shares of the Company was listed on GEM on 18 March 2015, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 March 2015 save for those related to the reorganisation, for which the details are set out in the Prospectus.

### **Competing Interests**

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 March 2015.

### **Interests of the Compliance Adviser**

As notified by the compliance adviser of the Company, New Spring Capital Limited, as at 31 March 2015, save for the compliance adviser agreement dated 3 March 2015 entered into between the Company and New Spring Capital Limited, neither New Spring Capital Limited, its directors, employees and associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

### **Events after the Reporting Period**

There is no significant event after the reporting period of the Group.



## **Closure of Register of Members**

For the purpose of determining shareholders' entitlements to attend and vote at the forthcoming annual general meeting (the "2015 AGM"), the transfer books and the register of members of the Company will be closed from Monday, 10 August 2015 to Wednesday, 12 August 2015 (both days inclusive), during which period no transfer of shares will be effected. In order to establish the right to attend and vote at the 2015 AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong no later than 4:00 p.m. on Friday, 7 August 2015.

## **Audit Committee**

The Company established the Audit Committee on 3 March 2015 with written terms of reference in compliance with the GEM Listing Rules, in accordance with provisions set out in the CG Code which are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently consists of three independent non-executive Directors namely Dr. Chan Mee Yee, Dr. Chow Kam Pui and Ms. Kam Man Yi Margaret. The chairlady of the Audit Committee is Ms. Kam Man Yi Margaret, who has appropriate professional qualifications and experience in accounting matters.

The audited consolidated financial statements of the Group for the year ended 31 March 2015 have been reviewed by the audit committee of the Company, which was of the opinion that the consolidated financial statements had been prepared in compliance with the applicable accounting standards and the GEM Listing Rules.

By Order of the Board  
**ICO Group Limited**  
**Yong Man Kin**  
*Chairman and Executive Director*

Hong Kong, 30 June 2015

*As at the date of this announcement, the executive Directors are Mr. Lee Cheong Yuen and Mr. Yong Man Kin; the non-executive Directors are Mr. Chan Kwok Pui and Mr. Tam Kwok Wah; and the independent non-executive Directors are Dr. Chan Mee Yee, Dr. Chow Kam Pui and Ms. Kam Man Yi Margaret.*