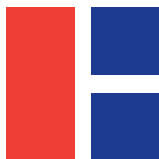


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ICO GROUP LIMITED

揚科集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8140)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 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 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.

* For identification purpose only

FIRST QUARTERLY RESULTS

The board of Directors (the “**Board**”) of ICO Group Limited is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 30 June 2015, together with comparative unaudited figures for the corresponding period in 2014, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 30 June 2015

		Three months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Note	HK\$'000	HK\$'000
Revenue	3	96,115	38,304
Cost of sales		(78,041)	(29,557)
Gross profit		18,074	8,747
Other revenue and net income		417	256
General and administrative expenses		(9,746)	(9,036)
Profit/(loss) from operations		8,745	(33)
Finance costs		(2)	(46)
Profit/(loss) before taxation		8,743	(79)
Income tax	4	(1,500)	(151)
Profit/(loss) for the period		7,243	(230)
Attributable to:			
Equity shareholders of the Company		6,001	(606)
Non-controlling interests		1,242	376
Profit/(loss) for the period		7,243	(230)
Earnings/(loss) per share	6		
Basic and diluted (HK cents per share)		0.60	(0.08)

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

For the three months ended 30 June 2015

	Three months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit/(loss) for the period	7,243	(230)
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences:		
— on translation of financial statements of entities outside Hong Kong	<u>3</u>	<u>3</u>
Total comprehensive income/(loss) for the period	<u>7,246</u>	<u>(227)</u>
Attributable to:		
Equity shareholders of the Company	<u>6,004</u>	(603)
Non-controlling interests	<u>1,242</u>	<u>376</u>
Total comprehensive income/(loss) for the period	<u>7,246</u>	<u>(227)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 30 June 2015

	Attributable to equity shareholders of the Company				Total	Non- controlling interest	Total equity
	Capital	Share premium	Exchange reserve	Retained earnings			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
For the three months ended 30 June 2014 (Unaudited)							
Balance at 1 April 2014	1	-	(258)	21,443	21,186	2,834	24,020
Changes in equity for the three months ended 30 June 2014:							
Profit/(loss) for the period	-	-	-	(606)	(606)	376	(230)
Other comprehensive income for the period	-	-	3	-	3	-	3
Total comprehensive income/(loss) for the period	-	-	3	(606)	(603)	376	(227)
Balance at 30 June 2014	1	-	(255)	20,837	20,583	3,210	23,793
For the three months ended 30 June 2015 (Unaudited)							
Balance at 1 April 2015	10,000	78,785	(262)	31,530	120,053	5,011	125,064
Changes in equity for the three months ended 30 June 2015							
Profit for the period	-	-	-	6,001	6,001	1,242	7,243
Other comprehensive income for the period	-	-	3	-	3	-	3
Total comprehensive income for the period	-	-	3	6,001	6,004	1,242	7,246
Balance at 30 June 2015	10,000	78,785	(259)	37,531	126,057	6,253	132,310

NOTES TO THE FINANCIAL STATEMENTS

For the three months ended 30 June 2015

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. Its shares were listed on GEM of the Stock Exchange on 18 March 2015. The Company’s registered office address is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is 30/F., Siu On Centre, 188 Lockhart Road, Wanchai, Hong Kong. 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.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the three months ended 30 June 2015 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

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 GEM of the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group. The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the combined financial statements of the Group for the three months ended 30 June 2014 have been prepared using the principles of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” as if the group structure under the Reorganisation had been in existence throughout the three months ended 30 June 2014.

The accounting policies adopted in preparing the unaudited condensed consolidated financial statements are consistent with those applied in the annual financial statements for the year ended 31 March 2015, except for the adoption of the new and revised HKFRSs which are effective for accounting periods beginning on 1 April 2015. The adoption of these new and revised HKFRSs has no significant impact on the results and financial position of the Group.

The Group has not applied any new and revised HKFRSs which have been issued and are not yet effective for the current accounting period but is in the process of assessing their impact on the results and financial position of the Group.

The preparation of the unaudited condensed consolidated 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.

3. REVENUE

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

	Three months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
IT application and solution development	18,830	3,174
IT infrastructure solutions	62,912	19,551
Secondment services	6,905	10,746
Maintenance and support services	7,468	4,833
	<u>96,115</u>	<u>38,304</u>

4. INCOME TAX

The taxation charged to profit or loss represents:

	Three months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Hong Kong Profits Tax	<u>1,500</u>	<u>151</u>

The statutory income tax rate of the Company and its subsidiaries registered in Hong Kong for the three months ended 30 June 2015 and 2014 was 16.5%.

No provision for PRC Corporate Income Tax has been made as the subsidiary established in the PRC did not have assessable profits subject to PRC Corporate Income Tax during the three months ended 30 June 2015 and 2014.

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

5. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend for the three months ended 30 June 2015 (for the three months ended 30 June 2014: Nil).

6. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Profit attributable to equity shareholders of the Company used in the calculation of the basic earnings per share for the three months ended 30 June 2015 is HK\$6,001,000 (for the three months ended 30 June 2014: loss of HK\$606,000).

The weighted average number of ordinary shares used in the calculation of the basic earnings per share during the three months ended 30 June 2015 is based on the number of shares in issue of 1,000,000,000 throughout the period.

The weighted average number of ordinary shares used in the calculation of the basic loss per share during the three months ended 30 June 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, for which the details are set out in the annual report of the Company for the year ended 31 March 2015, as if these shares were outstanding throughout that period.

(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 three months ended 30 June 2015 and 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

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 three months ended 30 June 2015 (“**First Quarter 2015**”), the Group’s operations and business achieved a significant growth when compared to the results for the three months ended 30 June 2014 (“**First Quarter 2014**”).

Provision of IT application and solution development services

This segment provides design and implementation of IT application solution and procurement of third party hardware and software. The revenue generated from this segment during First Quarter 2015 amounted to approximately HK\$18.8 million, representing approximately 20% of the total revenue for First Quarter 2015. The revenue derived from this segment increased by approximately 4.9 times from approximately HK\$3.2 million for First Quarter 2014 to approximately HK\$18.8 million for First Quarter 2015, the increase was primarily due to significant amount of revenue recognised from a number of sizable IT projects in the government and financial sectors which were not yet commenced in First Quarter 2014, including the Group’s largest IT project in progress.

Provision of IT infrastructure solutions

This segment provides IT infrastructure solutions services and sale of related IT hardware and software. The majority of the Group's revenue was generated from this segment which accounted for approximately 65% of the total revenue for First Quarter 2015. The revenue from this segment increased by approximately 2.2 times from approximately HK\$19.6 million for First Quarter 2014 to approximately HK\$62.9 million for First Quarter 2015, the increase was primarily due to (i) the Group expanded its market in the financial sector as a result of its increased marketing effort on this sector; 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 secondment service agreements. The revenue generated from this segment amounted to approximately HK\$6.9 million, representing approximately 7% of the total revenue for First Quarter 2015. The revenue derived from this segment decreased by approximately 36% from approximately HK\$10.7 million for First Quarter 2014 to approximately HK\$6.9 million for First Quarter 2015, the decrease was primarily due to the completion of several secondment contracts during the year ended 31 March 2015.

Provision of maintenance and support services

This segment provides maintenance and support services. The revenue generated from this segment amounted to approximately HK\$7.5 million, representing approximately 8% of the total revenue for First Quarter 2015. The revenue derived from this segment increased by approximately 55% from HK\$4.8 million for First Quarter 2014 to HK\$7.5 million for First Quarter 2015, the increase was primarily due to several new maintenance and support services agreements were awarded by existing customers from the IT infrastructure solutions segment subsequent to the completion of IT infrastructure solution services during the year ended 31 March 2015.

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, from time to time, continue to explore for opportunities to create shareholders' value through investing and acquiring interests in companies or projects with promising outlooks and prospects. Given the Group had continued to carry out the expansion plan as disclosed in the prospectus of the Company dated 10 March 2015 (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, mobile applications and "cloud" applications, as well as provision of mobile application products and services.

The Board is of the view that potential new investment, acquisition and business engagements together with the existing business will bring further value to the Company and its shareholders as a whole.

FINANCIAL REVIEW

Revenue

The Group's revenue for First Quarter 2015 amounted to approximately HK\$96.1 million, representing an increase of approximately HK\$57.8 million or 1.5 times compared to First Quarter 2014 (2014: approximately HK\$38.3 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\$15.7 million; (ii) the increase in revenue generated from provision of IT infrastructure solutions of approximately HK\$43.4 million; (iii) the increase in revenue generated from provision of maintenance and support services of approximately HK\$2.6 million; and (iv) the decrease in revenue generated from provision of secondment services of approximately HK\$3.8 million.

Gross profit and gross profit margin

The gross profit of the Group increased by approximately 107% from approximately HK\$8.7 million for First Quarter 2014 to approximately HK\$18.1 million for First Quarter 2015, while the gross profit margin of the Group decreased from approximately 23% for First Quarter 2014 to approximately 19% for First Quarter 2015. Such changes were primarily due to the increase in gross profit generated from provision of IT infrastructure solutions and provision of IT application and solution development services offset by (i) the decrease in gross profit margin for the IT application and solution development services segment due to the adoption of a competitive pricing strategy for the largest IT project in progress; and (ii) the decrease in gross profit margin for fixed-price secondment service agreements following the annual revision of salary for seconded staff of the Group.

Administrative expenses

The Group's administrative expenses for First Quarter 2015 amounted to approximately HK\$9.7 million, representing an increase of approximately HK\$0.7 million or 8% as compared to First Quarter 2014 (2014: approximately HK\$9.0 million). Such increase was mainly due to an increase in sales commission paid to sales staff of the Group as compared with First Quarter 2014 following the increase in gross profit of the Group.

Listing expenses

In First Quarter 2014, the one-off listing expenses of approximately HK\$0.8 million, which was included in administrative expenses, have been recorded by the Group. In First Quarter 2015, there was no such expenses incurred.

Profit for the period

The Group recorded a net profit of approximately HK\$7.2 million for First Quarter 2015 as compared to a net loss of approximately HK\$0.2 million for First Quarter 2014. The turnaround was mainly attributable to the combined effect of: (i) the increase in gross profit of approximately HK\$9.3 million as compared to First Quarter 2014; (ii) the increase in administrative expenses of approximately HK\$0.7 million as compared to First Quarter 2014; and (iii) the increase in provision for income tax of approximately HK\$1.3 million as compared to First Quarter 2014 as a result of the increase in profit before taxation.

CAPITAL STRUCTURE

The shares of the Company (the “**Shares**”) were successfully listed on GEM of the Stock Exchange on 18 March 2015 (the “**Listing**”). 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 30 June 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.

SIGNIFICANT INVESTMENTS

As at 30 June 2015 and 2014, the Group did not hold any significant investments.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2015 and 2014.

CHARGE ON GROUP’S ASSETS

As at 30 June 2015 and 2014, the Group had no charges on the Group’s assets.

OTHER INFORMATION

Corporate Governance Practices

Since the Listing, the Board recognized that 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 Company endeavours to adopt prevailing best corporate governance practices. For the three months ended 30 June 2015, 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, save for the deviation from the code provision A.2.7 as explained below:

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. 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.

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.

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 for the three months ended 30 June 2015.

Purchase, Sale or Redemption of Listed Securities

During the three months ended 30 June 2015, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company.

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 three months ended 30 June 2015.

Interests of the Compliance Adviser

As notified by the compliance adviser of the Company, New Spring Capital Limited, as at 30 June 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 30 June 2015

On 3 July 2015, ICO Group Holdings Limited (as purchaser), a wholly-owned subsidiary of the Company entered into provisional agreements with Earn Power Development Limited (as vendor) for the purchases of an office premise and a carpark in Hong Kong at a total consideration of HK\$45,294,000 (the “**Acquisition**”).

The Directors consider that the Acquisition represents a good investment opportunity and at the same time would save the cost for renting office in the long run. The Board considers that the Acquisition is in line with the Group’s business objectives as set out in the Prospectus.

For details, please refer to the announcement of the Company dated 3 July 2015.

Save and except for disclosed above, there are no significant events after the reporting period of the Group.

Audit Committee

The Company established the Audit Committee 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 unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2015 have been reviewed by the audit committee of the Company, which was of the opinion that the unaudited condensed 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, 12 August 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.