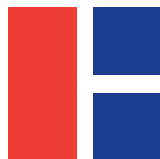


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**ICO GROUP LIMITED**

**揚科集團有限公司\***

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

**(Stock code: 8140)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

**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.*

\* 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 2016, together with comparative audited figures for the preceding financial year, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 March 2016*

	<i>Note</i>	<b>2016</b> <b>HK\$'000</b>	2015 <i>HK\$'000</i>
Revenue	4	<b>505,117</b>	389,268
Cost of sales		<b>(419,210)</b>	(317,125)
<b>Gross profit</b>		<b>85,907</b>	72,143
Other revenue	5	<b>1,209</b>	1,148
Other net income	6	<b>4</b>	571
General and administrative expenses		<b>(47,510)</b>	(43,366)
<b>Profit from operations</b>		<b>39,610</b>	30,496
Finance costs	7(a)	<b>(3)</b>	(176)
<b>Profit before taxation</b>	7	<b>39,607</b>	30,320
Income tax	8	<b>(6,630)</b>	(6,116)
<b>Profit for the year</b>		<b>32,977</b>	24,204
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>28,817</b>	20,067
Non-controlling interests		<b>4,160</b>	4,137
<b>Profit for the year</b>		<b>32,977</b>	24,204
<b>Earnings per share</b>	10		
Basic and diluted (HK cents per share)		<b>0.72</b>	0.66

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

*For the year ended 31 March 2016*

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>32,977</b>	24,204
<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 overseas subsidiary	<b>216</b>	(4)
<b>Total comprehensive income for the year</b>	<b>33,193</b>	24,200
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>29,033</b>	20,063
Non-controlling interests	<b>4,160</b>	4,137
<b>Total comprehensive income for the year</b>	<b>33,193</b>	24,200

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 March 2016 <i>HK\$'000</i>	31 March 2015 <i>HK\$'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment		49,227	1,315
Intangible assets		62	88
		49,289	1,403
<b>Current assets</b>			
Trade and other receivables	11	116,502	71,167
Pledged bank deposit		1,198	–
Bank deposits with maturity over three months at acquisition		30,163	–
Cash and cash equivalents		47,391	142,790
		195,254	213,957
<b>Current liabilities</b>			
Trade and other payables	12	(87,606)	(85,281)
Obligations under a finance lease		–	(149)
Current taxation		(773)	(4,705)
		(88,379)	(90,135)
<b>Net current assets</b>		106,875	123,822
<b>Total assets less current liabilities</b>		156,164	125,225
<b>Non-current liabilities</b>			
Deferred tax liabilities		(161)	(161)
<b>Net assets</b>		156,003	125,064
<b>Capital and reserves</b>			
Share capital	13	10,000	10,000
Reserves		139,086	110,053
<b>Total equity attributable to equity shareholders of the Company</b>		149,086	120,053
Non-controlling interests		6,917	5,011
<b>Total equity</b>		156,003	125,064

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

Note	Attributable to equity shareholders of the Company					Non- controlling interest HK\$'000	Total equity HK\$'000	
	Capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000			
<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								
— Exchange differences on translation of financial statements of overseas subsidiary	-	-	(4)	-	(4)	-	(4)	
Total comprehensive income/(loss) for the year	-	-	(4)	20,067	20,063	4,137	24,200	
Capitalisation issue	13(i)	7,499	(7,499)	-	-	-	-	
Issuance of shares under initial public offering, net of share issuance expenses	13(ii)	2,500	86,284	-	-	-	88,784	
Interim dividend declared to non-controlling shareholders 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 and 1 April 2015</b>		10,000	78,785	(262)	31,530	120,053	5,011	125,064
<b>Changes in equity for 2015/16:</b>								
Profit for the year	-	-	-	28,817	28,817	4,160	32,977	
Other comprehensive income for the year								
— Exchange differences on translation of financial statements of overseas subsidiary	-	-	216	-	216	-	216	
Total comprehensive income for the year	-	-	216	28,817	29,033	4,160	33,193	
Interim dividend declared to non-controlling shareholders in respect of the current year		-	-	-	-	(2,254)	(2,254)	
<b>Balance at 31 March 2016</b>		<u>10,000</u>	<u>78,785</u>	<u>(46)</u>	<u>60,347</u>	<u>149,086</u>	<u>6,917</u>	<u>156,003</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 that are first effective for the current accounting period of the Group:

- *Annual improvements to HKFRSs 2010–2012 Cycle*
- *Annual improvements to HKFRSs 2011–2013 Cycle*
- Amendments to HKAS 19, “*Employee Benefits*”: *Defined benefit plans: Employee contributions*

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 amended HKFRSs are discussed below:

#### **Annual Improvements to HKFRSs 2010-2012 Cycle and 2011–2013 Cycle**

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24 “Related Party Disclosures” has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group’s related party disclosures as the Group does not obtain key management personnel services from management entities.

#### **Amendments to HKAS 19, “Employee Benefits”: Defined benefit plans: Employee contributions**

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the Group did not have any defined benefit plans for its employees.

### **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. Chan 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 2016 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>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
IT application and solution development		
— IT application solution services	<b>77,648</b>	37,970
— Procurement of third party hardware and software	<b>153,076</b>	119,661
	<b>230,724</b>	157,631
IT infrastructure solutions		
— IT infrastructure solution services	<b>10,990</b>	13,954
— Procurement of third party hardware and software	<b>212,303</b>	158,573
	<b>223,293</b>	172,527
Secondment services	<b>23,094</b>	36,984
Maintenance and support services	<b>28,006</b>	22,126
	<b>505,117</b>	389,268

##### *Information about major customers*

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

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A <sup>1</sup>	<b>196,813</b>	135,796

<sup>1</sup> Revenue from IT application and solution development.

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 2016 and 2015 is set out below.

	Year ended 31 March 2016				Total <i>HK\$'000</i>
	IT application and solution development <i>HK\$'000</i>	IT infrastructure solutions <i>HK\$'000</i>	Secondment services <i>HK\$'000</i>	Maintenance and support service <i>HK\$'000</i>	
Revenue from external customers and reportable segment revenue	<u>230,724</u>	<u>223,293</u>	<u>23,094</u>	<u>28,006</u>	<u>505,117</u>
Reportable segment gross profit	<u>53,266</u>	<u>18,671</u>	<u>4,525</u>	<u>9,445</u>	<u>85,907</u>

	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>

(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 property, 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 property, 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 2016 and 2015 and the Group's specified non-current assets as at 31 March 2016 and 2015 is set out below:

	Revenue from external customers		Specified non-current assets	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Hong Kong (place of domicile)	<b>505,117</b>	389,268	<b>49,248</b>	1,360
The PRC	–	–	<b>41</b>	43
	<u><b>505,117</b></u>	<u>389,268</u>	<u><b>49,289</b></u>	<u>1,403</u>

**5. OTHER REVENUE**

	2016 HK\$'000	2015 HK\$'000
Bank interest income	<b>650</b>	26
Marketing income	<b>197</b>	293
Others	<b>362</b>	829
	<u><b>1,209</b></u>	<u>1,148</u>

**6. OTHER NET INCOME**

	2016 HK\$'000	2015 HK\$'000
Net foreign exchange gain	<u><b>4</b></u>	<u>571</u>

## 7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

### (a) Finance costs

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Total interest expense on financial liabilities not at fair value through profit or loss:		
Interest on bank borrowings	1	151
Finance charges on obligation under a finance lease	2	25
	<u>3</u>	<u>176</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Salaries, wages and other benefits	120,639	88,900
Contributions to defined contribution retirement plan	4,219	3,249
	<u>124,858</u>	<u>92,149</u>

### (c) Other items

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cost of hardware and software sold	302,276	241,370
Amortisation of intangible assets	26	21
Depreciation of property, plant and equipment	1,413	541
Auditors' remuneration		
— audit services	620	1,270
— other services	85	1,010
Operating lease charges in respect of properties	2,829	2,097
	<u>2,829</u>	<u>2,097</u>

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

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Current tax — Hong Kong Profits Tax</b>		
Provision for the year	6,630	6,060
Under-provision in respect of prior years	—	56
	<u>6,630</u>	<u>6,116</u>

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

The statutory income tax rate of the Company and its subsidiaries operated in Hong Kong is 16.5% (2015: 16.5%). The PRC's Corporate Income Tax rate is 25% (2015: 25%).

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 years ended 31 March 2016 and 2015.

## **9. DIVIDENDS**

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2016.

During the year ended 31 March 2015, interim dividend was declared and paid by the Company's subsidiaries to the controlling shareholders before the Reorganization was completed.

## **10. EARNINGS PER SHARE**

### **(a) Basic earnings per share**

The calculation of the basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$28,817,000 (2015: HK\$20,067,000) and the weighted average number of 4,000,000,000 ordinary shares (2015: 3,038,356,000 ordinary shares after adjusting for the share subdivision as detailed in note 13(iii)) in issue during the year.

The weighted average number of ordinary shares used in the calculation of the basic earnings per share during the year ended 31 March 2016 is 4,000,000,000 ordinary shares, which is based on the number of shares in issue throughout the period and is adjusted for the share subdivision as detailed in note 13(iii).

The weighted average number of ordinary shares used in the calculation of the basic earnings per share during the year ended 31 March 2015 is 3,038,356,000 ordinary shares, which 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 date of listing of the Company's shares on GEM of the Stock Exchange, and 250,000,000 ordinary shares issued under the placing of the Company's new shares (the "IPO"), adjusted for the share subdivision as detailed in note 13(iii).

### **(b) Diluted earnings per share**

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2016 and 2015.

## 11. TRADE AND OTHER RECEIVABLES

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade debtors	<b>51,103</b>	45,026
Gross amounts due from customers for contract work	<b>63,297</b>	23,247
Other receivables	<b>18</b>	77
Rental and other deposits	<b>990</b>	1,097
Prepayments	<b>1,094</b>	1,720
	<u><b>116,502</b></u>	<u>71,167</u>

*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>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 1 month	<b>31,972</b>	33,941
1 to 3 months	<b>12,646</b>	7,717
Over 3 months	<b>6,485</b>	3,368
	<u><b>51,103</b></u>	<u>45,026</u>

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 2016 and 2015, 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>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Neither past due nor impaired	39,183	40,320
Less than 1 month past due	5,390	1,228
1 to 3 months past due	2,803	2,945
Over 3 months past due	3,727	533
	<u>11,920</u>	<u>4,706</u>
	<u>51,103</u>	<u>45,026</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 2016 and 2015, 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\$71,311,000 and HK\$35,008,000, 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 2016, included in trade debtors are retention receivables in respect of project contract of HK\$375,000. The balance was expected to be recovered within one year.

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.

**12. TRADE AND OTHER PAYABLES**

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade creditors	26,566	48,189
Gross amounts due to customers for contract work	1,062	–
Customers' deposits received	47,151	21,400
Accrued service costs	–	496
Other accrued expenses	12,827	15,196
	<u>87,606</u>	<u>85,281</u>

Notes:

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

As at 31 March 2016 and 2015, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	<b>2016</b> <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 1 month	<b>15,098</b>	44,025
1 to 3 months	<b>9,931</b>	4,133
Over 3 months	<b>1,537</b>	31
	<u><b>26,566</b></u>	<u>48,189</u>

**(b) Project contract in progress**

As at 31 March 2016, the aggregate amount of costs incurred plus recognised profits less recognised losses to date included in the gross amounts due to customers for contract work was approximately HK\$11,257,000 (2015: HK\$nil).

**13. SHARE CAPITAL**

	<b>Number of shares</b>	<b>Share capital <i>HK\$'000</i></b>
<b>Authorised:</b>		
Ordinary shares of HK\$0.0025 each ( <i>note (iii)</i> )	40,000,000,000	<u>100,000</u>
<b>Issued and fully paid:</b>		
At 1 April 2014	1,000	1
Capitalisation issue ( <i>note (i)</i> )	749,999,000	7,499
Issuance of shares under IPO ( <i>note (ii)</i> )	250,000,000	<u>2,500</u>
At 31 March 2015	1,000,000,000	10,000
Share subdivision ( <i>note (iii)</i> )	<u>3,000,000,000</u>	<u>–</u>
At 31 March 2016	<u>4,000,000,000</u>	<u>10,000</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) 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.
- (ii) 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.
- (iii) Pursuant to a resolution dated 2 October 2015, the Company subdivided one share into four ordinary shares and reduced par value from HK\$0.01 each to HK\$0.0025 each accordingly. The share subdivision was effective on 5 October 2015. After the share subdivision, the total number of authorised ordinary shares were increased to 40,000,000,000 shares of HK\$0.0025 each and total number of issued and fully paid ordinary shares were increased to 4,000,000,000 shares of HK\$0.0025 each.



## **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 year ended 31 March 2016 (“FY2016”), the Group’s operations and business achieved a significant growth when compared to the results for the year ended 31 March 2015 (“FY2015”).

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

This segment provides design and implementation of IT application solution services and procurement of third party hardware and software. The revenue generated from provision of IT application and solution development services amounted to approximately HK\$230.7 million, representing approximately 46% of the revenue for FY2016. The revenue derived from provision of IT application and solution development services increased by approximately 46% from HK\$157.6 million for FY2015 to approximately HK\$230.7 million for FY2016, the increase was primarily due to the significant amount of revenue recognised from (i) the Group’s largest IT project in progress which was commenced since November 2014 and (ii) a number of sizable new IT projects in the financial sectors.

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

This segment provides IT infrastructure solutions services and sale of IT infrastructure solution related hardware and software. The revenue generated from provision of IT infrastructure solutions accounted for approximately 44% of the revenue for FY2016. The revenue from provision of IT infrastructure solutions increased from approximately HK\$172.5 million for FY2015 to approximately HK\$223.3 million for FY2016, the increase was primarily due to the expansion of the Group’s sales channel in the general business sector during FY2016 as a result of the Group’s effort to diversify its customer portfolio by setting up a new sales team.

#### **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\$23.1 million, representing approximately 5% of the revenue for FY2016. The revenue derived from provision of secondment services decreased by approximately 38% from approximately HK\$37.0 million for FY2015 to approximately HK\$23.1 million for FY2016, the decrease was primarily due to (i) the completion of several secondment contracts during FY2015 and (ii) the decrease in demand for seconded staff from one of the Group’s major secondment customers.

## **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\$28.0 million, representing approximately 6% of the revenue for FY2016. The revenue derived from provision of maintenance and support services increased by approximately 27% from HK\$22.1 million for FY2015 to HK\$28.0 million for FY2016, 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 FY2016.

We look forward to another exciting year ahead with an increasingly challenging business environment. The Group will continue to stay prudent yet innovative, on one hand we will continue to focus on our traditional IT business and on the other hand, we will actively explore new merger, acquisition and business opportunities that will benefit the shareholders as a whole.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for FY2016 amounted to approximately HK\$505.1 million, representing an increase of approximately HK\$115.8 million or 30% compared to FY2015 (2015: approximately HK\$389.3 million). The increase was mainly attributable to the combined effects of: (i) the increase in revenue generated from provision of IT application and solution development services of approximately HK\$73.1 million; (ii) the increase in revenue generated from provision of IT infrastructure solutions of approximately HK\$50.8 million; (iii) the increase in revenue generated from provision of maintenance and support services of approximately HK\$5.9 million; and (iv) a decrease in revenue generated from provision of secondment services of approximately HK\$13.9 million.

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

The gross profit of the Group increased by approximately 19% from approximately HK\$72.1 million for FY2015 to approximately HK\$85.9 million for FY2016, while the gross profit margin of the Group decreased from approximately 19% for FY2015 to approximately 17% for FY2016. Such changes were mainly the combined effects of (i) the increase in gross profit generated from provision of IT application and solution development services and provision of maintenance and support services of approximately HK\$16.9 million and HK\$1.6 million respectively, which were in line with the increase in revenue for these segments; (ii) the decrease in gross profit and gross profit margin for provision of secondment services from

HK\$9.8 million to HK\$4.5 million and 27% to 20% respectively, which was resulted from the decrease in revenue from this segment and the increment of staff cost during FY2016; and (iii) the decrease in gross profit margin for provision of IT infrastructure solutions from 11% to 8% due to the adoption of a competitive pricing strategy by the Group as a result of the Group's effort to expand its sales channel.

### **Administrative expenses**

The Group's administrative expenses for FY2016 amounted to approximately HK\$47.5 million, representing an increase by approximately HK\$4.1 million or 10% as compared to FY2015 (2015: approximately HK\$43.4 million). Such increase was primarily attributable to the combined effect of: (i) the increase in administrative staff costs of approximately HK\$4.6 million due to the manpower involved in training technical staff and setting up a research and development team in order to enhance service quality; (ii) the increase in sales commission paid to sales staff of the Group by approximately HK\$1.2 million which was in line with the increase in gross profit of the Group; (iii) the increase in professional fee by approximately HK\$1.5 million in relation to corporate actions made pursuant to the requirements of the GEM Listing Rules; (iv) the increase in overall office rental by approximately HK\$0.8 million in relation to an additional office premise rented due to the expansion of the Group's business; (v) the increase in depreciation charge by approximately HK\$0.9 million in relation to the depreciation charged for a newly acquired office premise and a car park in Hong Kong; (vi) the increase in recruitment expenses paid to recruitment agents by approximately HK\$0.6 million due to the expansion of the Group's headcount following the expansion of the Group's business; (vii) the absence of one-off listing expenses by approximately HK\$6.6 million compared to FY2015.

### **Listing expenses**

For FY2015, one-off listing expenses of approximately HK\$6.6 million have been recorded by the Group and was included in administrative expenses. There were no one-off listing expenses for the Group during FY2016.

### **Profit for the year**

The Group recorded a net profit of approximately HK\$33.0 million for FY2016 as compared to a net profit of approximately HK\$24.2 million for FY2015. The increase in net profit was mainly attributable to the combined effect of: (i) the increase in gross profit of approximately HK\$13.8 million as compared to FY2015; and (ii) the increase in administrative expenses of approximately HK\$4.1 million as compared to FY2015; and (iii) the increase in provision for income tax of approximately HK\$0.5 million as compared to FY2015 as a result of the increase in profit before taxation.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 March 2016, the shareholders' funds of the Group amounted to approximately HK\$149.1 million. Current assets were approximately HK\$195.3 million, mainly comprised of cash reserves of approximately HK\$77.6 million and trade and other receivables of approximately HK\$116.5 million. Current liabilities mainly comprised of trade and other payables of approximately HK\$87.6 million. The significant decrease in cash reserves of the Group was primarily attributable to (i) approximately HK\$45.3 million of cash outflow to settle the consideration for the purchases of an office premise and a carpark in Hong Kong; (ii) approximately HK\$25.0 million of cash outflow to finance the working capital for the Group's largest IT project in progress, as the major payment milestone of the project was not reached during FY2016. The cash outflow for this project also led to the significant increase in the amounts due from customers for contract work included in trade and other receivables. The net asset value per share was approximately HK\$0.04. 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 2016, the liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was 2.2 times (2015: 2.4 times).

## **CAPITAL STRUCTURE**

The share capital of the Group only comprises of ordinary shares.

On 4 September 2015, the Board proposed a share subdivision whereby each of the issued and unissued ordinary share with a par value of HK\$0.01 each in the share capital of the Company be subdivided into four ordinary shares with a par value of HK\$0.0025 each, such that the authorised share capital of the Company becomes HK\$100,000,000 divided into 40,000,000,000 subdivided shares of par value of HK\$0.0025 each (the "Share(s)"). The Shares rank pari passu in all respects with each other in accordance with the memorandum and articles of association of the Company. The share subdivision was approved upon the passing of the ordinary resolution by the shareholders of the Company at the extraordinary general meeting held on 2 October 2015 and became effective on 5 October 2015. There were no other changes in the capital structure of the Group during FY2016.

As at 31 March 2016, the Company's issued share capital was HK\$10,000,000 and the number of its issued ordinary shares was 4,000,000,000 of HK\$0.0025 each.

## **COMMITMENTS**

As at 31 March 2016, the Group had operating lease commitments in respect of rented office of approximately HK\$2,408,000 (2015: HK\$5,571,000).

As at 31 March 2016, the Group did not have any significant capital commitments (2015: Nil).

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

Save as disclosed in the prospectus of the Company dated 10 March 2015 (the "Prospectus") and the announcements dated 14 March 2016 and 20 June 2016 in relation to the lapsed memorandum of understanding, the Group did not have other plans for material investments and capital assets.

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

During FY2016, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## **SIGNIFICANT INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS**

On 3 July 2015, ICO Group Holdings Limited (as purchaser), an indirectly 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. On 10 September 2015, the said Acquisition had been completed.

For details, please refer to the announcements of the Company dated 3 July 2015 and 10 September 2015.

Save and except for disclosed above, the Group did not hold any significant investments nor made any significant acquisition of capital assets during FY2016.

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 31 March 2016 (2015: Nil).

## **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

For FY2016, 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 2016 and 2015, except for the pledged bank deposit as disclosed in the consolidated statement of financial position, the Group had no charges on the Group's assets.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2016, the Group employed a total of 331 full-time employees (2015: 242). The staff costs, including Directors' emoluments, of the Group were approximately HK\$124.9 million for FY2016 (2015: approximately HK\$92.1 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 2016 is set out below:

### Business objectives

### Actual progress

Purchase of new office premises as well as equipping and renovating the Group's existing office premises

As announced on 3 July 2015 and 10 September 2015 respectively, the Company acquired an office premise and a car park in Hong Kong at the consideration of approximately HK\$45.3 million, out of which approximately HK\$19.4 million was financed by the net proceeds from placing. The Directors consider the abovementioned acquisition represents a good investment opportunity and at the same time would save the cost for renting offices in the long run, and thus decided to utilise the allocated net proceeds for this business objective earlier than anticipated in the Prospectus.

Expanding the Group's professional team and enhancing its service quality

The Company has from time to time recruited additional suitable IT talents. The Group's IT staff has increased from 218 as at 31 March 2015 to 285 as at 31 March 2016.

Strategic growth through merger, acquisition or business collaboration

The Company is still in the process of identifying suitable targets (including the lapsed proposed acquisition detailed in the announcements dated 14 March 2016 and 20 June 2016) and thus no proceeds have been spent in this regard.

Expansion of IT application and solution development business

The Group is monitoring the latest development of tenders regarding IT projects from time to time.

Starting a research and development team

The Group's research and development team has been established. The Group is in the process of exploring and developing new products.

Strengthening the Group's marketing efforts

The Group has launched various marketing and promotional events to promote its branding in the market.



The Directors will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

## USE OF PROCEEDS

The net proceeds from placing, after deducting listing related expenses, were approximately HK\$75.5 million. 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 2016 is set out below:

	<b>Net proceeds from the placing HK\$'000</b>	<b>Planned amount utilised up to 31 March 2016 HK\$'000</b>	<b>Actual utilised amount as at 31 March 2016 HK\$'000</b>	<b>Unutilised amount as at 31 March 2016 HK\$'000</b>
Purchase of new office premises as well as equipping and renovating the Group's existing office premises	19,400	2,217	19,400	–
Expanding the Group's professional team and enhancing service quality	15,800	6,187	6,187	9,613
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	1,433	1,433	3,967
Strengthening the Group's marketing efforts	2,400	1,091	1,091	1,309

## OTHER INFORMATION

### Corporate Governance Practices

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 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 year ended 31 March 2016, 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. 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 year ended 31 March 2016.

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

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 March 2016.

### **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 2016.

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

As notified by the compliance adviser of the Company, RHB Capital Hong Kong Limited, as at 31 March 2016, save for the compliance adviser agreement dated 30 October 2015 entered into between the Company and RMB Capital Hong Kong Limited, neither RMB Capital Hong Kong 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 "2016 AGM"), the transfer books and the register of members of the Company will be closed from Wednesday, 10 August 2016 to Friday, 12 August 2016 (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 2016 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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Tuesday, 9 August 2016.

## **Audit Committee**

The Company has 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 audited consolidated financial statements of the Group for the year ended 31 March 2016 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.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.ico.com.hk](http://www.ico.com.hk)) respectively. The annual report of the Company for the year ended 31 March 2016 containing all the information required by the GEM Listing Rules will be dispatched to the Company's shareholders and published on the above websites.

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

Hong Kong, 24 June 2016

*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.*

*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).*