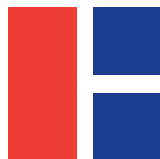


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ICO GROUP LIMITED

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 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.*

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the date of its posting. This announcement will also be published on the Company’s website at www.ico.com.hk.

* For identification purposes only

FIRST QUARTERLY RESULTS

The board of Directors of the Company (the “**Board**”) is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 30 June 2016, together with the comparative unaudited figures for the corresponding period in 2015, respectively, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 30 June 2016

		Three months ended 30 June	
	Note	2016 HK\$'000	2015 HK\$'000
Revenue	3	123,967	96,115
Cost of sales		<u>(100,826)</u>	<u>(78,041)</u>
Gross profit		23,141	18,074
Other revenue and net income		13	417
General and administrative expenses		<u>(11,966)</u>	<u>(9,746)</u>
Profit from operations		11,188	8,745
Finance costs		<u>–</u>	<u>(2)</u>
Profit before taxation		11,188	8,743
Income tax	4	<u>(2,087)</u>	<u>(1,500)</u>
Profit for the period		<u>9,101</u>	<u>7,243</u>
Attributable to:			
Equity shareholders of the Company		7,832	6,001
Non-controlling interests		<u>1,269</u>	<u>1,242</u>
Profit for the period		<u>9,101</u>	<u>7,243</u>
Earnings per share	6		
Basic and diluted (HK cents per share)		<u>0.20</u>	<u>0.15</u>

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

For the three months ended 30 June 2016

	Three months ended 30 June	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	9,101	7,243
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiary	158	3
Total comprehensive income for the period	9,259	7,246
Attributable to:		
Equity shareholders of the Company	7,990	6,004
Non-controlling interests	1,269	1,242
Total comprehensive income for the period	9,259	7,246

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2016

	Attributable to equity shareholders of the Company				Total HK\$'000	Non- controlling interest HK\$'000	Total equity HK\$'000
	Capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000			
For the three months ended 30 June 2015							
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	<u>10,000</u>	<u>78,785</u>	<u>(259)</u>	<u>37,531</u>	<u>126,057</u>	<u>6,253</u>	<u>132,310</u>
For the three months ended 30 June 2016							
Balance at 1 April 2016	10,000	78,785	(46)	60,347	149,086	6,917	156,003
Changes in equity for the three months ended 30 June 2016:							
Profit for the period	-	-	-	7,832	7,832	1,269	9,101
Other comprehensive income for the period	-	-	158	-	158	-	158
Total comprehensive income for the period	-	-	158	7,832	7,990	1,269	9,259
Balance at 30 June 2016	<u>10,000</u>	<u>78,785</u>	<u>112</u>	<u>68,179</u>	<u>157,076</u>	<u>8,186</u>	<u>165,262</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2016

1. GENERAL

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 is an investment holding company and its subsidiaries 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 2016 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.

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 2016, except for the adoption of the new and revised HKFRSs which are effective for accounting periods beginning on 1 April 2016. 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 unaudited condensed consolidated financial statements of the Group are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional and presentation currency of the Company.

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	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
IT application and solution development	44,943	18,830
IT infrastructure solutions	60,771	62,912
Secondment services	6,953	6,905
Maintenance and support services	11,300	7,468
	123,967	96,115

4. INCOME TAX

The taxation charged to profit or loss represents:

	Three months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong Profits Tax	2,087	1,500

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

The statutory income tax rate of the Company and its subsidiaries operated in Hong Kong for the three months ended 30 June 2016 and 2015 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 2016 and 2015.

5. DIVIDENDS

The Directors do not recommend the payment of any dividend for the three months ended 30 June 2016 (for the three months ended 30 June 2015: Nil).

6. EARNINGS PER SHARE

(a) Basic earnings 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 2016 is HK\$7,832,000 (for the three months ended 30 June 2015: HK\$6,001,000).

The weighted average number of ordinary shares used in the calculation of the basic earnings per share during the three months ended 30 June 2016 is 4,000,000,000 shares, which is based on the number of shares in issue throughout the period.

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 4,000,000,000 shares, which is based on the number of shares in issue throughout the period and is adjusted for the share subdivision detailed in the annual report of the Company for the year ended 31 March 2016.

(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 three months ended 30 June 2016 and 2015.

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 2016 (“**First Quarter 2016**”), the Group recorded growth in its operations and businesses as compared to its results for the three months ended 30 June 2015 (“**First Quarter 2015**”).

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 2016 amounted to approximately HK\$44.9 million, representing approximately 36% of the total revenue for First Quarter 2016. The revenue derived from this segment increased by approximately 139% from approximately HK\$18.8 million for First Quarter 2015 to approximately HK\$44.9 million for First Quarter 2016. The increase was primarily due to significant amounts of revenue recognised from (i) the Group’s largest IT project in progress as the Group was able to meet the development schedule and has completed several significant deliverables; and (ii) a sizable IT project in the government sector which was not yet commenced in First Quarter 2015.

Provision of IT infrastructure solutions

This segment provides IT infrastructure solutions services and sale of related IT hardware and software. The revenue generated from this segment during First Quarter 2016 amounted to approximately HK\$60.8 million, representing approximately 49% of the total revenue for First Quarter 2016. The revenue from this segment decreased slightly by approximately 3% from approximately HK\$62.9 million for First Quarter 2015 to approximately HK\$60.8 million for First Quarter 2016. The decrease was primarily due to the drop in purchase orders from several significant customers as the life cycle for the products they purchased during First Quarter 2015 were longer than one year, which was offset by the revenue contributed by the expansion of the Group’s sales channel 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 secondment service agreements. The revenue generated from this segment amounted to approximately HK\$7.0 million, representing approximately 6% of the total revenue for First Quarter 2016. The revenue derived from this segment is relatively stable as there were no significant changes on the Group’s number of seconded staff and their respective charge rates for First Quarter 2016 when compared with First Quarter 2015.

Provision of maintenance and support services

This segment provides maintenance and support services. The revenue generated from this segment amounted to approximately HK\$11.3 million, representing approximately 9% of the total revenue for First Quarter 2016. The revenue derived from this segment increased by approximately 51% from HK\$7.5 million for First Quarter 2015 to HK\$11.3 million for First Quarter 2016. The increase was primarily due to several new maintenance and support services agreements made with existing customers from the IT infrastructure solutions segment during First Quarter 2016 subsequent to the completion of IT infrastructure solution services during the year ended 31 March 2016.

On 30 June 2016, the Company submitted a formal application to the Stock Exchange in relation to the proposed transfer of listing, details of which are further disclosed in the announcement made by the Company on 30 June 2016. The listing application is under detailed vetting process carried out by the Stock Exchange. Management is in the process of making an assessment on the impact of the proposed transfer of listing and is not in a position to state whether it will have an impact on the Group's results of operations and financial position.

The Group looks forward to another exciting year ahead with an increasingly challenging business environment. The Group will continue to stay prudent yet innovative. On one hand the Group will continue to focus on its traditional IT business, and on the other hand, the Group 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 First Quarter 2016 amounted to approximately HK\$124.0 million, representing an increase of approximately HK\$27.9 million or 29% compared to First Quarter 2015 (2015: approximately HK\$96.1 million). The increase was mainly attributable to the increase in revenue generated from provision of IT application and solution development services and provision of maintenance and support services of approximately HK\$26.1 million and HK\$3.8 million respectively, offset by the decrease in revenue generated from provision of IT infrastructure solutions of approximately HK\$2.1 million.

Gross profit and gross profit margin

The gross profit of the Group increased by approximately 28% from approximately HK\$18.1 million for First Quarter 2015 to approximately HK\$23.1 million for First Quarter 2016, which was in line with the increase in revenue of the Group. The gross profit margin of the Group remained stable at 19% as there were no significant fluctuation or changes on the cost of sales and pricing strategy of the Group.

Administrative expenses

The Group's administrative expenses for First Quarter 2016 amounted to approximately HK\$12.0 million, representing an increase of approximately HK\$2.2 million or 23% as compared to First Quarter 2015 (2015: approximately HK\$9.7 million). Such increase was mainly due to (i) the increase in administrative staff cost following the increase of headcounts of the Group, (ii) the increase in depreciation charge in relation to the depreciation charged for a newly acquired office premise and car park, and (iii) the professional fee incurred for the application made by the Group in relation to the proposed transfer of listing as mentioned above.

Profit for the period

The Group recorded a net profit of approximately HK\$9.1 million for First Quarter 2016 as compared to approximately HK\$7.2 million for First Quarter 2015. The increase was mainly attributable to the increase in gross profit of approximately HK\$5.1 million as compared to First Quarter 2015, offset by (i) the increase in administrative expenses of approximately HK\$2.2 million as compared to First Quarter 2015; and (ii) the increase in provision for income tax of approximately HK\$0.6 million as compared to First Quarter 2015 as a result of the increase in profit before taxation.

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 since then.

As at 30 June 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.

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 of the Company dated 10 March 2015. 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 the disclosed above, the Group did not hold any significant investments nor made any significant acquisition of capital assets.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2016 and 2015.

CHARGE ON GROUP'S ASSETS

As at 30 June 2016, except for a pledged bank deposit of approximately HK\$1.2 million in relation to a performance guarantee issued by a bank in respect of a project in progress, the Group had no charges on the Group's assets. As at 30 June 2015, the Group had no charges on the Group's assets.

OTHER INFORMATION

Corporate Governance Practices

The Board recognised 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 2016, 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 the three months ended 30 June 2016.

Purchase, Sale or Redemption of Listed Securities

During the three months ended 30 June 2016, 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 2016.

Interests of the Compliance Adviser

As notified by the compliance adviser of the Company, RHB Capital Hong Kong Limited, as at 30 June 2016, save for the compliance adviser agreement dated 30 October 2015 entered into between the Company and RHB Capital Hong Kong Limited, neither RHB Capital Hong Kong Limited, its directors, employees and close associates had any interest in the securities of 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 2016

The Company adopted a share option scheme (the “**Scheme**”) after the shareholders of the Company approved the Scheme at the annual general meeting of the Company on 12 August 2016 (the “**Adoption Date**”). Under the terms of the Scheme, the Board may, at its discretion, grant options to eligible participants to subscribe shares of the Company.

No options were granted since the Adoption Date and up to the date of this announcement, the Company had 400,000,000 shares available for issue under the Scheme (representing 10% of the existing issued capital of the Company as at the date of this announcement.)

There are no other significant events after the reporting period of the Group.

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 unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2016 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 and that adequate disclosures have been made.

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

Hong Kong, 12 August 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.