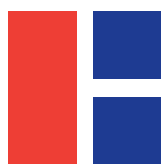


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ICO GROUP LIMITED

揚科集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1460)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017

ANNUAL RESULTS

The board (the “**Board**”) of Directors (the “**Directors**”) of ICO Group Limited (the “**Company**”) 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 2017, together with comparative audited figures for the preceding financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2017

	Note	2017 HK\$'000	2016 HK\$'000
Revenue	4	487,468	505,117
Cost of sales		<u>(391,296)</u>	<u>(419,210)</u>
Gross profit		96,172	85,907
Other revenue	5	616	1,209
Other net income	6	125	4
General and administrative expenses		<u>(55,185)</u>	<u>(47,510)</u>
Profit from operations		41,728	39,610
Finance costs	7(a)	<u>(136)</u>	<u>(3)</u>
Profit before taxation	7	41,592	39,607
Income tax	8	<u>(7,684)</u>	<u>(6,630)</u>
Profit for the year		<u>33,908</u>	<u>32,977</u>
Attributable to:			
Equity shareholders of the Company		30,445	28,817
Non-controlling interests		<u>3,463</u>	<u>4,160</u>
Profit for the year		<u>33,908</u>	<u>32,977</u>
Earnings per share	10		
Basic and diluted (HK cents per share)		<u>0.76</u>	<u>0.72</u>

* For identification purposes only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year	<u>33,908</u>	<u>32,977</u>
Other comprehensive (loss)/income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiary	<u>(5)</u>	<u>216</u>
Total comprehensive income for the year	<u><u>33,903</u></u>	<u><u>33,193</u></u>
Attributable to:		
Equity shareholders of the Company	30,440	29,033
Non-controlling interests	<u>3,463</u>	<u>4,160</u>
Total comprehensive income for the year	<u><u>33,903</u></u>	<u><u>33,193</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 March 2017 HK\$'000	31 March 2016 HK\$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		51,302	49,227
Intangible assets		395	62
		<u>51,697</u>	<u>49,289</u>
Current assets			
Trade and other receivables	11	165,953	116,502
Pledged bank deposits		3,197	1,198
Bank deposits with maturity over three months at acquisition		–	30,163
Cash and cash equivalents		27,403	47,391
		<u>196,553</u>	<u>195,254</u>
Current liabilities			
Trade and other payables	12	(47,595)	(87,606)
Bank loan		(15,500)	–
Current taxation		(968)	(773)
		<u>(64,063)</u>	<u>(88,379)</u>
Net current assets		<u>132,490</u>	<u>106,875</u>
Total assets less current liabilities		184,187	156,164
Non-current liabilities			
Deferred tax liabilities		(161)	(161)
Net assets		<u>184,026</u>	<u>156,003</u>
Capital and reserves			
Share capital	13	10,000	10,000
Reserves		169,526	139,086
Total equity attributable to equity shareholders of the Company		179,526	149,086
Non-controlling interests		4,500	6,917
Total equity		<u>184,026</u>	<u>156,003</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Attributable to equity shareholders of the Company						Non-controlling interest	Total equity
	Capital	Share premium	Exchange reserve	Retained earnings	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 31 March 2015 and 1 April 2015	10,000	78,785	(262)	31,530	120,053	5,011	125,064	
Changes in equity for 2015/16:								
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)	
Balance at 31 March 2016 and 1 April 2016	10,000	78,785	(46)	60,347	149,086	6,917	156,003	
Changes in equity for 2016/17:								
Profit for the year	-	-	-	30,445	30,445	3,463	33,908	
Other comprehensive income for the year								
– Exchange differences on translation of financial statements of overseas subsidiary	-	-	(5)	-	(5)	-	(5)	
Total comprehensive income for the year	-	-	(5)	30,445	30,440	3,463	33,903	
Interim dividend declared to non-controlling shareholders in respect of the current year	-	-	-	-	-	(5,880)	(5,880)	
Balance at 31 March 2017	10,000	78,785	(51)	90,792	179,526	4,500	184,026	

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 GEM of the Stock Exchange on 18 March 2015 and subsequently transferred the listing to the Main Board of the Stock Exchange on 12 October 2016 (the “**Transfer of Listing**”).

2. CHANGES IN ACCOUNTING POLICIES

The Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) has issued a number of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2017 have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements for the year ended 31 March 2017 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
IT application and solution development		
— IT application solution services	80,804	77,648
— Procurement of third party hardware and software	75,908	153,076
	156,712	230,724
IT infrastructure solutions		
— IT infrastructure solution services	18,944	10,990
— Procurement of third party hardware and software	236,330	212,303
	255,274	223,293
Secondment services	32,008	23,094
Maintenance and support services	43,474	28,006
	<u>487,468</u>	<u>505,117</u>

Information about major customers

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Customer A ¹	<u>74,839</u>	<u>196,813</u>

¹ 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 procurement of third party hardware and software.
- IT infrastructure solutions: this segment provides IT infrastructure solution 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 2017 and 2016 is set out below.

	Year ended 31 March 2017				
	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>	Total <i>HK\$'000</i>
Revenue from external customers and reportable segment revenue	<u>156,712</u>	<u>255,274</u>	<u>32,008</u>	<u>43,474</u>	<u>487,468</u>
Reportable segment gross profit	<u>40,982</u>	<u>30,676</u>	<u>8,760</u>	<u>15,754</u>	<u>96,172</u>

	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	230,724	223,293	23,094	28,006	505,117
Reportable segment gross profit	53,266	18,671	4,525	9,445	85,907

(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 2017 and 2016 and the Group's specified non-current assets as at 31 March 2017 and 2016 is set out below:

	Revenue from external customers		Specified non-current assets	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Hong Kong (place of domicile)	487,468	505,117	51,658	49,248
The PRC	–	–	39	41
	487,468	505,117	51,697	49,289

5. OTHER REVENUE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Bank interest income	48	650
Marketing income	565	197
Others	3	362
	616	1,209

6. OTHER NET INCOME

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Net foreign exchange gain	<u>125</u>	<u>4</u>

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Total interest expense on financial liabilities not at fair value through profit or loss:		
Interest on bank borrowings	136	1
Finance charges on obligation under a finance lease	<u>—</u>	<u>2</u>
	<u>136</u>	<u>3</u>

(b) Staff costs (including directors' remuneration)

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Salaries, wages and other benefits	134,600	120,639
Contributions to defined contribution retirement plan	<u>4,661</u>	<u>4,219</u>
	<u>139,261</u>	<u>124,858</u>

(c) Other items

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Cost of hardware and software sold	257,959	302,276
Amortisation of intangible assets	99	26
Depreciation of property, plant and equipment	2,172	1,413
Auditors' remuneration		
— audit services	650	620
— other services	250	85
Operating lease charges in respect of properties	<u>3,620</u>	<u>2,829</u>

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

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	<u>7,684</u>	<u>6,630</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% (2016: 16.5%). The PRC's Corporate Income Tax rate is 25% (2016: 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 2017 and 2016.

9. DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

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\$30,445,000 (2016: HK\$28,817,000) and the weighted average number of 4,000,000,000 ordinary shares (2016: 4,000,000,000 ordinary shares after adjusting for the share subdivision as detailed in note 13) in issue during the year.

(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 2017 and 2016.

11. TRADE AND OTHER RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade debtors	92,636	51,103
Gross amounts due from customers for contract work	68,892	63,297
Other receivables	17	18
Rental and other deposits	1,786	990
Prepayments	2,622	1,094
	<u>165,953</u>	<u>116,502</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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 1 month	69,194	31,972
1 to 3 months	15,830	12,646
Over 3 months	7,612	6,485
	<u>92,636</u>	<u>51,103</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 2017 and 2016, 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Neither past due nor impaired	79,700	39,183
Less than 1 month past due	5,324	5,390
1 to 3 months past due	3,116	2,803
Over 3 months past due	4,496	3,727
	<u>12,936</u>	<u>11,920</u>
	<u><u>92,636</u></u>	<u><u>51,103</u></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.

12. TRADE AND OTHER PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade creditors	33,465	26,566
Gross amounts due to customers for contract work	432	1,062
Customers' deposits received	11,124	47,151
Other accrued expenses	2,574	12,827
	<u>47,595</u>	<u>87,606</u>

Note:

Ageing analysis of trade creditors

As at 31 March 2017 and 2016, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 1 month	13,996	15,098
1 to 3 months	14,161	9,931
Over 3 months	5,308	1,537
	<u>33,465</u>	<u>26,566</u>

13. SHARE CAPITAL

	2017		2016	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.0025 each <i>(note)</i>	40,000,000,000	100,000	40,000,000,000	100,000
Issued and fully paid:				
At 1 April	4,000,000,000	10,000	1,000,000,000	10,000
Share subdivision <i>(note)</i>	–	–	3,000,000,000	–
At 31 March	4,000,000,000	10,000	4,000,000,000	10,000

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.

Note: 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

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\$156.7 million, representing approximately 32% of the revenue for the year ended 31 March 2017 (“FY2017”). The revenue derived from provision of IT application and solution development services decreased by approximately 32% from HK\$230.7 million for the year ended 31 March 2016 (“FY2016”) to approximately HK\$156.7 million for FY2017, the decrease was primarily attributable to the significant drop of revenue recognised from the Group’s largest IT project in progress following the substantial completion of the direct procurement of hardware and software for the project during FY2016.

Provision of IT infrastructure solutions

This segment provides IT infrastructure solution services and sale of IT infrastructure solutions related hardware and software. The revenue generated from provision of IT infrastructure solutions accounted for approximately 52% of the revenue for FY2017. The revenue from provision of IT infrastructure solutions increased from approximately HK\$223.3 million for FY2016 to approximately HK\$255.3 million for FY2017, the increase was primarily due to the significant amount of revenue generated from the construction, transportation and communication sectors as a result of the Group’s effort to expand its sales channel and customer portfolio by setting up a new sales team in July 2015, offset by the drop in purchase orders from several significant customers as the life cycles of the products they purchased during FY2016 were longer than one year.

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\$32.0 million, representing approximately 7% of the revenue for FY2017. The revenue derived from provision of secondment services increased by approximately 39% from approximately HK\$23.1 million for FY2016 to approximately HK\$32.0 million for FY2017, the increase was primarily due to (i) the increase in demand for seconded staff from one of the Group’s major secondment customers and (ii) the Group was awarded a new secondment contract from the financial sector during FY2017.

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\$43.5 million, representing approximately 9% of the revenue for FY2017. The revenue derived from provision of maintenance and support services increased by approximately 55% from HK\$28.0 million for FY2016 to HK\$43.5 million for FY2017, the increase was primarily due to a number of new maintenance and support services agreements were awarded by customers of other segments following the completion of relevant services and for the maintenance of the customers' existing IT products.

Business outlook and future prospects

Looking forward, with the completion of the Group's largest IT project in progress in 2017, the Group's profitability in the coming years will be greatly dependent on the bidding success rate of new projects and its ability to expand revenue sources. The Group is working hard on these areas and despite the increasingly competitive business environment and complicated economic conditions, the Group will continuously focus on its traditional IT business and at the same time exploring new local and overseas business opportunities as well as new merger and acquisition targets that will benefit the shareholders as a whole.

FINANCIAL REVIEW

Revenue

The Group's revenue for FY2017 amounted to approximately HK\$487.5 million, representing a decrease of approximately HK\$17.6 million or 3% compared to FY2016 (2016: approximately HK\$505.1 million). The decrease was mainly attributable to the decrease in revenue generated from provision of IT application and solution development services of approximately HK\$74.0 million, offset by (i) the increase in revenue generated from provision of IT infrastructure solutions of approximately HK\$32.0 million; (ii) the increase in revenue generated from provision of secondment services of approximately HK\$8.9 million; and (iii) the increase in revenue generated from provision of maintenance and support services of approximately HK\$15.5 million.

Gross profit and gross profit margin

The gross profit of the Group increased by approximately 12% from approximately HK\$85.9 million for FY2016 to approximately HK\$96.2 million for FY2017, while the gross profit margin of the Group increased from approximately 17% for FY2016 to approximately 20% for FY2017. The increase in gross profit was mainly the combined effects of the increase in gross profit generated from provision of IT infrastructure solutions, provision of secondment services and provision of maintenance and support services of approximately HK\$12.0 million, HK\$4.2 million and HK\$6.3 million respectively; offset by the decrease in gross profit generated from provision of IT application and solution development services of approximately HK\$12.3 million. The increase or decrease in gross profit generated from

individual segments were in line with the respective increase or decrease of revenue generated from these segments. On the other hand, the increase in gross profit margin of the Group was mainly the combined effects of (i) the increase in gross profit margin for the IT application and solution development services segment from 23% to 26% following the substantial completion of the direct procurement of hardware and software (which the Group adopted a competitive pricing strategy and resulted in a lower gross profit margin) for the Group's largest IT project in progress during FY2016; (ii) the increase in gross profit margin for the IT infrastructure solutions segment and maintenance and support services segment from approximately 8% and 34% to 12% and 36% respectively resulted from the effort of our team members to improve its efficiency and resources utilisation; and (iii) the increase in gross profit margin for provision of secondment services from approximately 20% to approximately 27% following the revision of charging rate for the Group's seconded staff in order to maintain a reasonable profit margin for this segment.

Administrative expenses

The Group's administrative expenses for FY2017 amounted to approximately HK\$55.2 million, representing an increase by approximately HK\$7.7 million or 16% as compared to FY2016 (2016: approximately HK\$47.5 million). Such increase was primarily attributable to the combined effect of: (i) the increase in administrative staff costs of approximately HK\$3.0 million due to the manpower involved in presales activities and research and development in order to facilitate the Group to look for new business opportunities and enhance service quality; (ii) the increase in sales commission paid to sales staff of the Group by approximately HK\$0.4 million which was in line with the increase in gross profit of the Group; (iii) one-off professional fee incurred for the Transfer of Listing of approximately HK\$2.1 million and (iv) the increase in depreciation charge by approximately HK\$0.8 million in relation to the depreciation charged for an office premise and a car park newly acquired in September 2015.

Profit for the year

The Group recorded a net profit of approximately HK\$33.9 million for FY2017 as compared to a net profit of approximately HK\$33.0 million for FY2016. The increase in net profit was mainly attributable to the combined effect of: (i) the increase in gross profit of approximately HK\$10.3 million as compared to FY2016; and (ii) the increase in administrative expenses of approximately HK\$7.7 million as compared to FY2016; (iii) the increase in provision for income tax of approximately HK\$1.1 million as compared to FY2016 as a result of the increase in profit before taxation and the effect of the tax non-deductible professional fee incurred for the Transfer of Listing; and (iv) the decrease in interest income of the Group of approximately HK\$0.6 million due to decrease in cash resources available for time deposit investment as a result of the significant cash outflows to finance the working capital of the Group's various projects.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2017, the shareholders' funds of the Group amounted to approximately HK\$179.5 million (2016: approximately HK\$149.1 million). Current assets were approximately HK\$196.6 million (2016: approximately HK\$195.3 million), mainly comprised of cash reserves of approximately HK\$27.4 million (2016: approximately HK\$77.6 million) and trade and other receivables of approximately HK\$166.0 million (2016: approximately HK\$116.5 million). Current liabilities mainly comprised of trade and other payables of approximately HK\$47.6 million (2016: approximately HK\$87.6 million) and bank loan of approximately HK\$15.5 million (2016: HK\$ Nil). The significant decrease in cash reserves and increase in bank loan of the Group was primarily due to the significant cash outflows to finance the working capital of the Group's various projects prior to the reach of payment milestones or due dates of progress billings for these projects. At the same time, the cash outflows for these projects in progress also led to the significant increase in trade and other receivables which consisted of both unbilled revenue and progress billings that were not yet due for these projects. The net asset value per share attributable to equity shareholders of the Company as at 31 March 2017 was approximately HK\$0.045 (2016: approximately HK\$0.037). The Group's gearing ratio, expressed as a percentage of bank borrowings and long-term debts over total equity, was approximately 8% (2016: Nil). As at 31 March 2017, the liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was approximately 3.1 times (2016: approximately 2.2 times).

CAPITAL STRUCTURE

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

There were no changes in the share capital of the Group during FY2017.

During FY2016, 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 share capital of the Group during FY2016.

As at 31 March 2017 and 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.

The Group's capital is mainly derived from bank and other loans, net proceeds from placing and profit of the Group. When managing its capital, the Group's primary objectives are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by sound capital position, and makes adjustments to capital structure in light of changes in economic conditions.

COMMITMENTS

As at 31 March 2017, the Group had operating lease commitments in respect of rented office of approximately HK\$4,485,000 (2016: HK\$2,408,000).

As at 31 March 2017, the Group did not have any significant capital commitments (2016: 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 FY2017 and FY2016, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

SIGNIFICANT INVESTMENTS AND ACQUISITION OF CAPITAL ASSETS

The Group did not hold any significant investments nor made any significant acquisition of capital assets during FY2017.

During FY2016, 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 2017 (2016: Nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

For FY2017 and 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 THE GROUP'S ASSETS

As at 31 March 2017, except for the pledged bank deposit of approximately HK\$3.2 million in relation to guarantees issued by a bank in respect of the Group's projects in progress and property, plant and equipment with net book value of approximately HK\$44.4 million pledged to a bank for a revolving term loan facility of HK\$30.0 million used to finance the working capital of the Group, the Group had no charges on the Group's assets.

As at 31 March 2016, except for the pledged bank deposit of approximately HK\$1.2 million in relation to a guarantee issued by a bank in respect of one of the Group's projects in progress, the Group had no charges on the Group's assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group employed a total of 323 full-time employees (2016: 331). The staff costs, including Directors' emoluments, of the Group were approximately HK\$139.3 million for FY2017 (2016: approximately HK\$124.9 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 2017 is set out below:

Business objectives

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

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

Strategic growth through merger, acquisition or business collaboration

Expansion of IT application and solution development business

Actual progress

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.

The Company has from time to time recruited additional suitable IT talents. The Group's IT staff has decreased from 285 as at 31 March 2016 to 273 as at 31 March 2017 due to normal staff turnover.

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

As at 31 March 2017, approximately HK\$3.2 million of the net proceeds from placing was pledged to a bank for performance guarantees issued by the bank in respect of IT application and solution development projects in progress. The Group is still monitoring the latest development of tenders regarding IT projects from time to time. Accordingly, portion of the allocated net proceeds for this business objective is still not yet utilised.

Business objectives

Actual progress

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 placing and the unused amount as at 31 March 2017 is set out below:

	Net proceeds from placing <i>HK\$'000</i>	Planned amount utilised up to 31 March 2017 <i>HK\$'000</i>	Actual utilised amount as at 31 March 2017 <i>HK\$'000</i>	Unutilised amount as at 31 March 2017 <i>HK\$'000</i>
Purchase of new office premises as well as equipping and renovating the Group's existing office premises	19,400	19,400	19,400	–
Expanding the Group's professional team and enhancing service quality	15,800	15,800	15,800	–
Strategic growth through merger, acquisition or business collaboration	15,600	15,600	–	15,600
Expansion of IT application and solution development business	9,400	–	3,197	6,203
Starting a research and development team	5,400	5,400	5,400	–
Strengthening the Group's marketing efforts	2,400	2,400	2,400	–

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 14 to the 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 2017, except for the followings:

Code provision A.2.1 of the CG Code requires that the roles of chairman (the “**Chairman**”) and chief executive officer (the “**Chief Executive Officer**”) should be separated and not performed by the same individual. As Mr. Lee Cheong Yuen is currently the Chairman and the Chief Executive Officer, there will be a deviation from the code provision A.2.1.

The Board believes that with the support of the management, vesting the roles of both the Chairman and the Chief Executive Officer by the same person can maintain the continuity of the policies and the stability of the operations of the Company. The Board considers that the appointment of Mr. Lee Cheong Yuen as the Chairman and the Chief Executive Officer will not impair the balance of power as all major decisions are made in consultation with members of the Board and with the supervision of the three independent non-executive Directors, the interests of the shareholders of the Company will be adequately and fairly represented. Nevertheless, the Company will continue to review its operation and seek to re-comply with the code provision A.2.1 of the Code by splitting the roles of the Chairman and the Chief Executive Officer at a time when it is appropriate to increase the independence of corporate governance of the Group.

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. Lee Cheong Yuen, 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 the code of conduct regarding Directors' securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules. In response to a specific enquiry by the Company, all Directors confirmed that they have complied with the Model Code throughout the year ended 31 March 2017.

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 2017.

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 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 2017.

Events After the Reporting Period

On 5 April 2017, Mr. Yong Man Kin resigned as the Chairman and executive Director. Mr. Lee Cheong Yuen was appointed as the Chairman and Mr. Pang Yick Him was appointed as an executive Director. For details, please refer to the announcement of the Company dated 5 April 2017.

On 7 April 2017 and 28 April 2017, the controlling shareholders of the Company disposed a total of 150,000,000 shares of the Company. For details, please refer to the announcements of the Company dated 7 April 2017 and 28 April 2017.

Saved as disclosed above, there are no significant events after the reporting period of the Group.

Closure of Register of Members

The forthcoming annual general meeting (the “**2017 AGM**”) will be held on Friday, 18 August 2017. For the purpose of determining shareholders' entitlements to attend and vote at the 2017 AGM, the transfer books and the register of members of the Company will be closed from Tuesday, 15 August 2017 to Friday, 18 August 2017 (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 2017 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 Monday, 14 August 2017.

Audit Committee and Review of Annual Results

The Company has established the audit committee of the Company (the “**Audit Committee**”) with written terms of reference in compliance with the 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. Cheung Siu Nang Bruce 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 2017 have been reviewed by the Audit Committee, which was of the opinion that the consolidated financial statements had been prepared in compliance with the applicable accounting standards and the Listing Rules.

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2017 as set out in this results announcement have been agreed by the Group’s auditor, Crowe Horwath (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Crowe Horwath (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe Horwath (HK) CPA Limited, on this results announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ico.com.hk) respectively. The annual report of the Company for the year ended 31 March 2017 containing all the information required by the Listing Rules will be despatched to the Company’s shareholders and published on the above websites.

By order of the Board
ICO Group Limited
Lee Cheong Yuen

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 30 June 2017

As at the date of this announcement, the executive Directors are Mr. Lee Cheong Yuen and Mr. Pang Yick Him; 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. Cheung Siu Nang Bruce and Ms. Kam Man Yi Margaret.