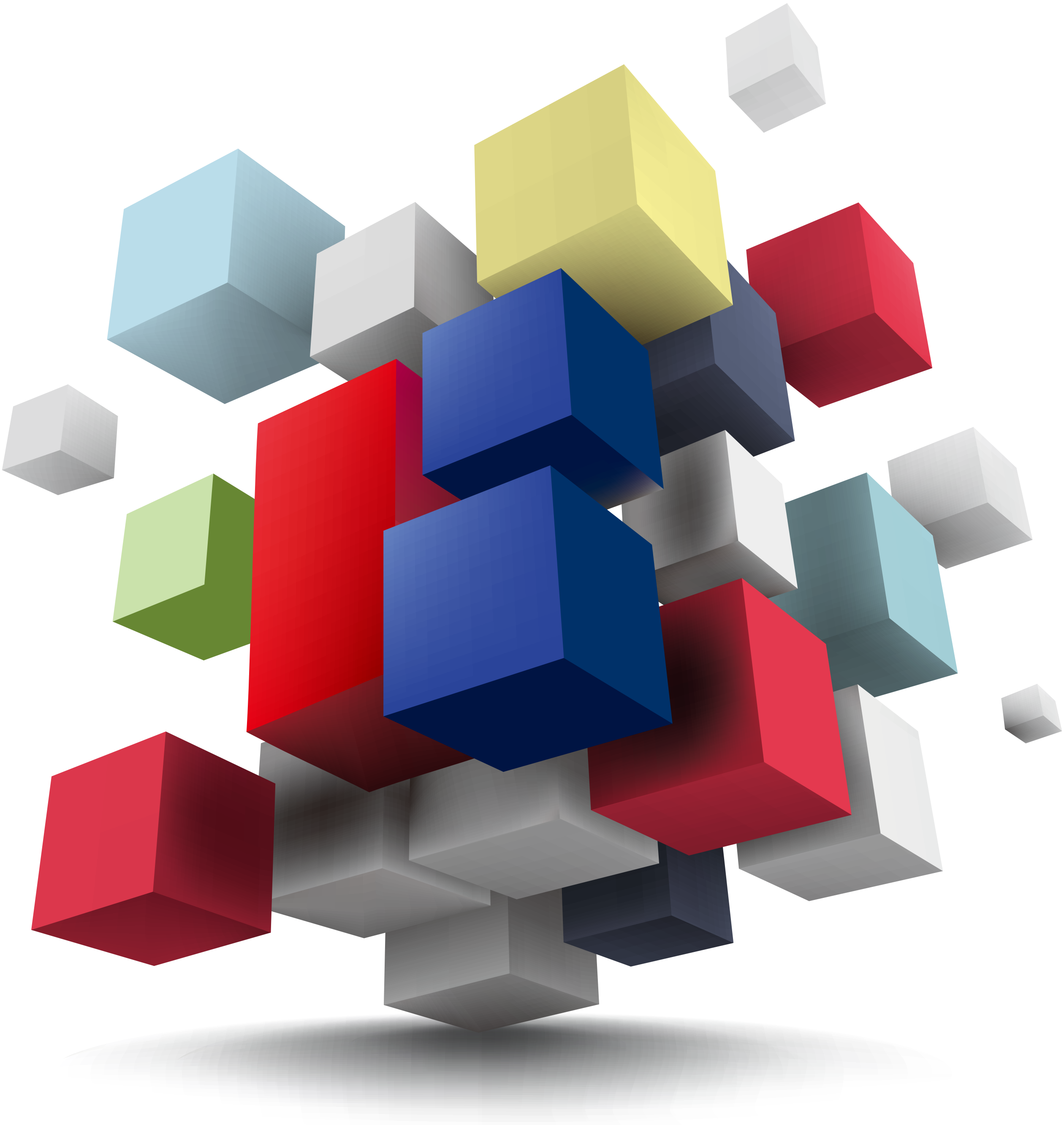
ICO Group Limited
揚科集團有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1460



ANNUAL REPORT
2019/20

* For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Leong Yeng Kit *(Appointed on 22 April 2020)*
(as Chairman on 23 April 2020)
Ms. Lee Pei Ling *(Appointed on 22 April 2020)*
Mr. Lee Cheong Yuen *(Removed on 22 April 2020)*
Mr. Chan Kwok Pui *(Removed on 22 April 2020)*
Mr. Tam Wing Yuen *(Appointed on 11 October 2019 and removed on 22 April 2020)*

Non-executive Directors

Mr. Leong Yeng Kong *(Appointed on 22 April 2020)*
Ms. Leong Poh Chih *(Appointed on 22 April 2020)*
Mr. Leong Yeng Weng *(Appointed on 22 April 2020)*
Ms. Walaiporn Orakij *(Appointed on 22 April 2020)*
Ms. Durgadewi Yoganathan *(Appointed on 22 April 2020)*
Mr. Tam Kwok Wah *(Removed on 22 April 2020)*
Ms. Tuon Wai Man *(Removed on 22 April 2020)*
Mr. Tso Hon Sai Bosco *(Appointed on 11 October 2019 and removed on 22 April 2020)*

Independent Non-executive Directors

Mr. Tan Eng Wah *(Appointed on 22 April 2020)*
Mr. Gan Cheng Khuan *(Appointed on 22 April 2020)*
Ms. Yvonne Low Win Kum *(Appointed on 22 April 2020)*
Mr. Chiu King Yan *(Appointed on 22 April 2020)*
Dr. Cheung Siu Nang Bruce *(Removed on 22 April 2020)*
Ms. Kam Man Yi Margaret *(Removed on 22 April 2020)*
Mr. Ko Sebastian Yat Fung *(Appointed on 30 August 2019 and removed on 22 April 2020)*
Mr. Fong Sing Chak Jack *(Resigned on 30 August 2019)*

COMPANY SECRETARY

Mr. Pun Shing Cheung, *CPA (Resigned on 11 October 2019 and appointed on 24 April 2020)*
Ms. Tam Hang Yin, *CPA (Appointed on 11 October 2019 and resigned on 24 April 2020)*

AUTHORISED REPRESENTATIVES

For the purpose of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
Mr. Leong Yeng Kit *(Appointed on 23 April 2020)*
Ms. Tam Hang Yin *(Appointed on 11 October 2019 and resigned on 24 April 2020)*
Mr. Pun Shing Cheung *(Resigned on 11 October 2019 and appointed on 24 April 2020)*

For the purpose of the Companies Ordinance (Chapter 622 of Laws of Hong Kong)
Mr. Lee Cheong Yuen *(Removed on 23 April 2020)*
Mr. Chiu King Yan *(Appointed on 23 April 2020)*

AUDIT COMMITTEE

Mr. Chiu King Yan *(Chairman) (Appointed on 22 April 2020)*
Mr. Tan Eng Wah *(Appointed on 22 April 2020)*
Mr. Gan Cheng Khuan *(Appointed on 22 April 2020)*
Ms. Yvonne Low Win Kum *(Appointed on 22 April 2020)*
Ms. Kam Man Yi Margaret *(Removed on 22 April 2020)*
Dr. Cheung Siu Nang Bruce *(Removed on 22 April 2020)*
Mr. Ko Sebastian Yat Fung *(Appointed on 30 August 2019 and removed on 22 April 2020)*
Mr. Fong Sing Chak Jack *(Resigned on 30 August 2019)*

REMUNERATION COMMITTEE

Mr. Tan Eng Wah *(Chairman) (Appointed on 22 April 2020)*
Mr. Leong Yeng Kit *(Appointed on 22 April 2020)*
Mr. Gan Cheng Khuan *(Appointed on 22 April 2020)*
Dr. Cheung Siu Nang Bruce *(Removed on 22 April 2020)*
Ms. Kam Man Yi Margaret *(Removed on 22 April 2020)*
Mr. Ko Sebastian Yat Fung *(Appointed on 30 August 2019 and removed on 22 April 2020)*
Mr. Fong Sing Chak Jack *(Resigned on 30 August 2019)*

NOMINATION COMMITTEE

Mr. Leong Yeng Kit *(Chairman) (Appointed on 22 April 2020)*
Mr. Tan Eng Wah *(Appointed on 22 April 2020)*
Ms. Yvonne Low Win Kum *(Appointed on 22 April 2020)*
Dr. Cheung Siu Nang Bruce *(Removed on 22 April 2020)*
Ms. Kam Man Yi Margaret *(Removed on 22 April 2020)*
Mr. Ko Sebastian Yat Fung *(Appointed on 30 August 2019 and removed on 22 April 2020)*
Mr. Lee Cheong Yuen *(Removed on 22 April 2020)*
Mr. Chan Kwok Pui *(Removed on 22 April 2020)*
Mr. Fong Sing Chak Jack *(Resigned on 30 August 2019)*

AUDITORS

Crowe (HK) CPA Limited

REGISTERED OFFICE

Clifton House
75 Fort Street
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Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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TG Place
10 Shing Yip Street, Kwun Tong
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

PRINCIPAL BANKERS

Citibank N.A.
DBS Bank (Hong Kong) Limited
Shanghai Commercial Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

WEBSITE ADDRESS

www.1460.hk

STOCK CODE

1460

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of ICO Group Limited (the "**Company**"), I am presenting to you this annual report of the Company which comprises the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2020 ("**FY2020**").

FY2020 was a prosperous year for the Group, for the recorded of growth in both revenue and gross profit. It was attributable to the management continued to devote their effort to streamline the operational efficiency, in order to fortify our core competence. By the means of not only expanding the customers' portfolio, but also carrying out ongoing stringent cost control measures throughout FY2020. All of the measures brought us to the continuous consolidation of the market position.

In FY2020, the Group recorded a consolidated net profit attributable to shareholders of the Company of approximately HK$70 million. The profit making position was mainly contributed by:

(i) the significant increase in revenue deriving from the IT application and solution development services segment;

(ii) the steady increase in revenue deriving from the long-term maintenance phases of a few large scale projects, following their satisfactory delivery, which came from our maintenance and support services segment; and

(iii) the effective controlling of manpower resource management in the Group.

After the experience of the uncertainties arising from tender bidding, and over reliance on this source of income in the past, the Group was actively seeking opportunities to diversify its business model.

By doing so, the Group had undergone several significant investments in the past few years.

Up to the date of this annual report, in relation to the acquisition of the entire issued capital of O2O Limited, which has a wholly owned subsidiary in Malaysia, developing an e-Marketplace project with both physical stores and online trading platforms ("**Project CKB**"), was completed on 2 June 2020. At the end of 2019, the outbreak of severe novel coronavirus disease 2019 ("**COVID-19**") epidemic around the world has resulted in different extent of impact on people's health and the economic development in many countries, including Malaysia. We believe that we will overcome COVID-19 and the Project CKB will resume the normal daily operation, which in turn the Group would receive stable rental income from the physical stores as well as service income from the online trading platform in the foreseeable future.

Apart from Project CKB, the Group was invested in PointSoft Limited ("**PointSoft**"), a company with a focus on developing and managing food and beverage point-of-sales system with a continuous profit-making history. Facing the challenging operating environment during the FY2020, PointSoft managed to maintain its stable business performance, and contributed another steady stream of income to the Group.

Looking forward, the coming financial year is not going to be an easy year. We shall adopt appropriate measures with an aim to stabilize our business performance. To tackle the difficulties, the Group (i) will strive to enhance operational efficiency continuously; (ii) will examine from time to time in order to optimize the cost and expenses management; and (iii) will monitor closely to the latest development trends of the global economy and not rule out any business opportunities for acquisition or investment.

Meanwhile, the Group realized that maintaining healthy financial situation will able to prepare us to encounter the prevailing downside persisted in the economy, and keep our unique competitive strength in the market. Therefore, the Group will conduct different kinds of fund raising exercises, when necessary.

Last but not least, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all our shareholders, investors, business partners, suppliers and customers, for their continuing support to our Group. Moreover, I would also want to express my appreciation to all the staff for their tireless dedication and hard work.

Leong Yeng Kit
Chairman and Executive Director
ICO Group Limited
Hong Kong, 30 June 2020

The following discussion and analysis should be read in conjunction with the financial information of the Group contained in the consolidated financial statements (together with the notes thereto) reproduced in the result announcement for the year ended 31 March 2020 ("**FY2020**"). The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. The following discussions on the synopsis of historical result do not represent a prediction as to the future business operations of the Group.

SUMMARY

Established in 1992, the Group is an IT service provider based in Hong Kong. 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.

For FY2020, the revenue of the Group was approximately HK$606.3 million, representing an increase of approximately HK$10.8 million or 1.8% as compared to the year ended 31 March 2019 ("**FY2019**"), the increase was primarily attributable to the significant increase in revenue derived from (i) the IT application and solution development services segment and (ii) the maintenance and support services segment. For FY2020, the Group recorded profit before taxation of approximately HK$83.0 million (2019: approximately HK$96.9 million), profit before interests, tax, depreciation and amortisation of approximately HK$92.1 million (2019: approximately HK$104.7 million) and profit attributable to equity shareholders of the Company of approximately HK$70.1 million (2019: approximately HK$83.9 million).

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$49.7 million, representing approximately 8% of the revenue for FY2020. The revenue derived from provision of IT application and solution development services increased by approximately 107% from approximately HK$24.0 million for FY2019 to approximately HK$49.7 million for FY2020, the significant increase was primarily attributable to the commencement of implementation phrase of various new large-scale projects during FY2020.

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 amounted to approximately HK$408.8 million, representing approximately 67% of the revenue for FY2020. The revenue derived from provision of IT infrastructure solutions decreased by approximately 4% from approximately HK$427.0 million for FY2019 to approximately HK$408.8 million for FY2020, the decrease was primarily due to (i) there was a one-off significant amount of revenue, amounted to approximately HK$75.3 million recorded in FY2019, which did not occurred in FY2020. The increase in amount of revenue generated from customers in the construction and financial services sectors during FY2020 was not enough to offset the impact for the abovementioned one-off revenue and (ii) the combine effect of social unrest and the outbreak of novel coronavirus disease 2019 ("**COVID-19**") which inevitably led to the drop of revenue in the last quarter of FY2020.

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$39.7 million, representing approximately 7% of the revenue for FY2020. The income from this segment was a relatively stable revenue source when compared with project basis income. During FY2020, the revenue derived from provision of secondment services decreased by approximately 14% from approximately HK$46.1 million for FY2019 to approximately HK$39.7 million for FY2020, the decrease was primarily due to (i) the decrease in demand for services from the major customers in banking and finance sector and (ii) the revenue of new secondment services contracts awarded to the Group were not enough to offset the impact for the decrease in demand from the major 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$108.1 million, representing approximately 18% of the revenue for FY2020. The revenue derived from provision of maintenance and support services increased by approximately 10% from approximately HK$98.4 million for FY2019 to approximately HK$108.1 million for FY2020, the increase was primarily due to (i) during FY2020, there was enhancement of the maintenance phase commenced from a Group's sizable IT project and (ii) some maintenance phase of sizable IT projects commenced since August 2018, so the corresponding revenue was recorded partly in FY2019 and recorded fully in FY2020.

OUTLOOK AND FUTURE PROSPECTS

FY2020 was another successful year for the Group, not only the increase in revenue derived from (i) IT application and solution development services segment and (ii) maintenance and support services segment, also the Group recorded a net profit for FY2020. There are also the following positive signs in relation to the Group's future prospects:

Firstly, the maintenance contracts of the Group's large scale IT projects which contributed to the increase in the Group's revenue for the maintenance and support services segment will last until 2027. These contracts are expected to contribute a revenue stream of over HK$60 million per year to the Group, this steady revenue stream will sustain profitability of the Group as well as provide healthy working capital level for the Group to sustain and expand its business in the future.

Secondly, upon completion of the downsizing exercise in FY2019, this enables the Group to avoid cost overrun, maintain a sustainable team size and monitor its cost structure efficiently in the future.

Thirdly, for the investment of 40% equity interest of PointSoft Limited, (a company with a focus on developing and managing food and beverage point-of-sales system) it managed to provide steady dividend income and share of profit to the Group during the challenging business environment in FY2020. This effectively diversified the business portfolio and broadened the revenue sources of the Group.

Lastly, up to the date at this report, the acquisition of O2O Limited, which has a wholly owned subsidiary in Malaysia, is now developing an e-Marketplace project with both physical stores and online trading platforms ("**Project CKB**"), by the Group was completed on 2 June 2020. Upon its completion, O2O Limited is the 100% wholly owned subsidiary of the Group, the Group would be able to further expand and diversify the revenue sources by receiving stable rental income from the physical stores. For details of the acquisition of Project CKB, please refer to the announcements and circular of the Company dated 7 December 2017, 8 January 2018, 28 March 2018, 19 April 2018, 5 June 2018, 27 July 2018, 9 November 2018, 15 November 2018, 11 January 2019, 12 June 2019, 7 August 2019, 1 November 2019, 6 February 2020, 28 February 2020 and 2 June 2020 (collectively the "**Project CKB Announcements and Circular**").

Looking forward, based on the above factors, it is expected the financial situation of the Group would grow steadily in the foreseeable future.

FINANCIAL REVIEW

Revenue

The Group's revenue for FY2020 amounted to approximately HK$606.3 million, representing an increase by approximately 1.8% from approximately HK$595.5 million for FY2019 to approximately HK$606.3 million for FY2020. The increase was mainly attributable to the increase in revenue generated from (i) the IT application and solution development segment and (ii) the maintenance and support services segment of approximately HK$25.7 million and HK$9.7 million respectively, offset by the decrease in revenue generated from (i) the IT infrastructure solutions segment and (ii) the secondment services segment of approximately HK$18.2 million and HK$6.4 million respectively.

Gross profit and gross profit margin

The gross profit of the Group increased from approximately HK$97.4 million for FY2019 to approximately HK$117.6 million for FY2020, while the gross profit margin of the Group increased from approximately 16% for FY2019 to approximately 19% for FY2020. During FY2020, there were some large-scale projects commenced from IT application and solution development services segment, the Group had to retain a sizable team of IT professionals to deliver the professional services. Hence, the revenue for this segment has significantly increased in FY2020, and the gross profit increased in line with the increase in revenue, while the gross profit margin decreased due to the corresponding increase demand in labor.

For maintenance and support services segment, the gross profit generated in line with the increase in revenue during FY2020; for IT infrastructure solutions segment and secondment services segment, despite the decrease in revenue, the gross profit for these segments increased. And for the gross profit margin for these three segments, it was increased in FY2020 mainly contributed by the successful downsizing exercise during FY2019 and which reduced the team size to an optimal level.

General and administrative expenses

The Group's general and administrative expenses for FY2020 amounted to approximately HK$89.9 million (2019: approximately HK$64.2 million), representing an increase by approximately HK$25.7 million or 40% as compared to FY2019. Such increase were mainly due to (a) the increase in staff cost of approximately HK$21.9 million attributed to (i) expansion of the Group's sale team despite its effort to downsize its technical team so as to expand its sales channels; (ii) presale and tender bidding activities in order to secure new projects for the IT application and solution development segment; (iii) commission paid to sales staff which was in line with the increase in revenue of the Group during FY2020 and (iv) discretionary bonus accrued for the management and general staff with reference to the performance in FY2020 and (b) the increase in professional fees of approximately HK$2.7 million mainly due to the professional fees incurred for the voluntary conditional cash offer by Titan Wise Group Limited during FY2020.

Change in fair value of contingent consideration payable and derivative component in convertible bonds, gain on conversion of convertible bonds and impairment of deposits for acquisition of subsidiaries

Contingent consideration payable, derivative component in convertible bonds and deposits for acquisition of subsidiaries were recognised by the Group as a result of the acquisitions made by the Group for the year ended 31 March 2018 and 2019, namely acquisition of 40% equity interest of PointSoft and Project CKB. According to the relevant accounting standards, these financial liabilities, including contingent consideration payable and derivative component in convertible bonds, are required to be remeasured the change in fair value and gain/loss on conversion at the date of conversion with the remeasurement gain or loss recognised in profit or loss. As a result, with reference to valuation reports prepared by an independent professional valuer, valuation gains and significant amount recorded as gain on conversion of convertible bonds on these financial liabilities were determined and recognised during FY2020. For deposits for acquisition of subsidiaries, as at 31 March 2020, with reference to valuation reports prepared by an independent professional valuer, the value of deposits for acquisition of subsidiaries recorded a significant amount of impairment. For details of the impairment of deposits of acquisition of subsidiaries, please refer to the section headed "significant investment contracted but not yet completed as at 31 March 2020" in this report below. Nevertheless, the valuation gains, gain on conversion of convertible bonds and impairment of deposits for acquisition of subsidiaries were merely results of accounting treatments and do not have any real impacts on the results of the operations and cash flows of the Group. For details of the acquisitions made by the Group, please refer to the announcements of the Company dated 20 June 2018, 21 June 2018, 28 June 2018, 4 July 2018, 5 September 2019 and 11 September 2019 (collectively the "**PointSoft Announcements**") and the Project CKB Announcements and Circular.

Finance costs

The increase in finance costs for FY2020 was solely due to the imputed interest expenses arising from amortisation of the liability component in convertible bonds and promissory note in accordance with the relevant accounting standards. Such imputed interest expenses do not have any cash impacts on the Group, disregarding the imputed interest expenses, the interest expenses arising from bank loans of the Group decreased by approximately HK$0.4 million for FY2020 as compared to FY2019, it was due to all of the bank loans were fully settled during FY2020.

Income tax

As the valuation gains, recognised by the Group are not taxable, the effective interest rate of the Group for FY2020 was only approximately 7%.

Profit for the year

The Group recorded a net profit of approximately HK$77.3 million for FY2020 as compared to approximately HK$93.2 million for FY2019. It was mainly attributable to the combined effect of (i) the increase in gross profit of approximately HK$20.2 million as compared to FY2019; and (ii) the aggregate gain on conversion of convertible bonds, change in fair value of contingent consideration payable and change in fair value of derivative component in convertible bonds of approximately HK$37.0 million, offset by the increase in impairment of deposits of acquisition for subsidiaries, general and administrative expenses and income tax expenses of approximately HK$43.3 million, HK$25.7 million and HK$2.0 million respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2020, the shareholders' funds of the Group amounted to approximately HK$442.0 million (2019: approximately HK$327.8 million). Current assets were approximately HK$252.5 million (2019: approximately HK$242.4 million), mainly comprised of cash and cash equivalents of approximately HK$45.4 million (2019: approximately HK$53.0 million), and trade and other receivables and contract assets of approximately HK$203.3 million (2019: approximately HK$180.4 million). Current liabilities mainly comprised of trade and other payables and contract liabilities of approximately HK$100.0 million (2019: approximately HK$93.2 million), bank loans of HK$nil (2019: approximately HK$7.6 million), contingent consideration payable of HK$nil (2019: approximately HK$10.7 million) and derivative component in convertible bonds of HK$nil (2019: approximately HK$3.0 million). The changes in current assets and current liabilities of the Group were primarily due to:

(i) the decrease in cash and cash equivalent reflected by the fully repayment of bank loans during FY2020. The decrease in outstanding bank loans as the Group was able to maintain sufficient working capital;

(ii) the increase in the combined amount of trade and other receivables and contract assets, trade and other payables and contract liabilities are in line with the increase in revenue and cost of sales during FY2020;

(iii) the decrease in derivative component of convertible bonds due to the conversion of all outstanding convertible bonds for Project CKB during FY2020; and

(iv) the decrease in contingent consideration payable due to the issue of all outstanding consideration shares during FY2020.

The bank loans were fully settled during FY2020, the Group has unutilised bank facilities amounted to HK$56.8 million. The net asset value per share attributable to equity shareholders of the Company as at 31 March 2020 was approximately HK$0.07 (2019: approximately HK$0.07). The Group's gearing ratio, expressed as a percentage of bank loans, liability component in convertible bonds and promissory notes payable over total equity, was approximately 4.2% (2019: approximately 18%). As at 31 March 2020, the liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was approximately 2.5 times (2019: approximately 2.1 times).

CAPITAL STRUCTURE

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

During FY2020, the Company had the following changes in its share capital:

(i) On 27 August 2019 and 16 January 2020, the Company allotted and issued 365,138,888 and 990,937,960 new shares respectively upon the conversion of convertible bonds issued as part of the deposits for acquisition of Project CKB pursuant to the sale and purchase agreement dated 6 December 2017; and

(ii) On 11 September 2019, the Company alloted and issued 172,811,060 new shares in respect of the acquisition of PointSoft pursuant to the sale and purchase agreement dated 20 June 2018.

As at 31 March 2020 and 2019, the Company's issued share capital was approximately HK$15,562,000 and HK$11,741,000 respectively and the number of its issued ordinary shares was 6,225,393,129 and 4,696,505,221 of HK$0.0025 each respectively.

The Group's capital is mainly derived from bank loans, net proceeds from placing, long term debt (being convertible bonds) and retained profits 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. During FY2020 and FY2019, all outstanding bank loans are denominated in Hong Kong dollars and with a fixed interest rate with reference to HIBOR. The convertible bonds issued by the Company carry no interest.

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 2020, the Group had no operating lease commitments in respect of rented office (2019: approximately HK$1,341,000).

As at 31 March 2020 and 2019 and up to the date of this annual report, subject to certain conditions, the Group has capital commitments on its acquisition of Project CKB. For details on the acquisition, please refer to the Project CKB Announcements and Circular.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group from time to time is exploring investment opportunities that would benefit the shareholders of the Company as a whole. Except for those disclosed elsewhere in this annual report, the Group does not have any concrete plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 2 June 2020, the Group has completed the acquisition of Project CKB. For details, please refer to the CKB Announcements and Circular.

Save for the above, the Group did not have any material acquisition or disposals of subsidiaries and affiliated companies during FY2020 and up to the date of this annual report.

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

Significant investments held as at 31 March 2020

(i) INAX Technology Limited ("INAX")

On 10 November 2017, the Company entered into a sale and purchase agreement to acquire 15% equity interest in INAX at a cost of HK$66 million, which is a limited company incorporated in Hong Kong which principally engages in IT infrastructure business with a focus on IT & telecommunication infrastructures and data centre industry. As at 31 March 2020, with reference to a valuation report prepared by an independent professional valuer, the fair value of this investment (recorded as other financial asset in the Group's consolidated statement of financial position) is approximately HK$6.9 million, represented a discount of approximately 90% to its cost and approximately 1% of the Group's total asset. During FY2020, no dividend has been received from the investment.

Up to the date of this annual report, the management account of INAX (subject to audit) for the year ended 30 April 2020 showed that there is a significant decrease in profit of approximately 86% during FY2020 as compared with last year. Upon enquiry on the management of INAX, the primary reasons for the significant decrease in profit during FY2020 were due to (i) in China, the pessimistic outlook towards the Sino-US political conflict in this region together with the outbreak of COVID-19 which resulted in material impact to the operation of INAX and (ii) in Hong Kong, the social unrest and the affect of COVID-19 during FY2020, the operation of some of the customers were held up or suspended, which led to a decrease in demand for INAX's services. Looking forward, despite the decreased profit of INAX, the Group holds cautiously optimistic view on the prospect of this investment due to (i) the forecasted growth in data centre workload and data centre traffic provides future growth potential for the business of INAX and (ii) the potential collaboration and cross-selling opportunities that will be mutually beneficial for both the Group and INAX.

(ii) PointSoft Limited ("PointSoft")

On 20 June 2018, the Group entered into a sale and purchase agreement to acquire 40% equity interest in PointSoft at a cost of HK$60 million, which is a limited company incorporated in Hong Kong with its business focus on developing and managing food and beverage point-of-sale system with a continuous profit making history. As at 31 March 2020, the carrying value of this investment (recorded as interests in associates in the Group's consolidated statement of financial position) is approximately HK$58.1 million, represents approximately 10% of the Group's total asset. With reference to a valuation report prepared by an independent professional valuer, the fair value of this investment as at 31 March 2020 is approximately HK$70.7 million. For details of the acquisition, please refer to the PointSoft Announcements.

PointSoft is the market leader of promoting, selling and offering food and beverage point-of-sale system and its existing clients are all first tier restaurant and chain food stores, the market leader status and the strong client base of PointSoft provides a stable profit stream. The Group considers the performance of PointSoft is satisfactory as the management account of PointSoft (subject to audit) for the year ended 31 March 2020 showed that there are no material deterioration of results and financial position since completion of the acquisition. The Group is optimistic on the future prospect of this investment as it is expected that in the future the Group will benefit from (i) share of the continuous stable profit stream from PointSoft and (ii) the potential collaboration and cross-selling opportunities that will be mutually beneficial for both the Group and PointSoft.

Significant investment contracted but not yet completed as at 31 March 2020

On 6 December 2017, ICO IT Properties (Malaysia) Limited, a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement (the "**Acquisition Agreements**") (as supplemented on 8 January 2018 and 2 June 2020) with various vendors, at a total consideration of RM145 million for the acquisition of 020 Limited and its subsidiary, which undertakes a building construction project (the "**Property**") and an online-to-offline wholesale trading platform (the "**Electronic Platform**") in Malaysia (collectively referred to as the "**Project CKB**"). The construction of the Property was completed in October 2019.

The total consideration of RM145 million comprises of (i) RM4.5 million of cash; (ii) RM100 million of convertible bonds to be issued by the Company; and (iii) RM40.5 million of promissory notes to be issued by the Company, which were payable by stages in accordance with the payment schedule to the Acquisition Agreement, as detailed in the circular of the Company dated 28 March 2018 and the announcement of the Company dated 2 June 2020.

Pursuant to the Acquisition Agreement, the total gross rental net of Malaysian taxes for a period of eighteen months from the completion date of acquisition for the Project CKB shall not be less than RM10.15 million (the "**Performance Guarantee**"). In the event the Performance Guarantee cannot be met, a sum of RM10.15 million shall be deducted from the consideration by the non-issuance of promissory notes with a principal amount of RM10.15 million.

At 31 March 2020, cash of RM4,500,000 (equivalent to approximately HK$8,659,000) (2019: RM4,500,000 or equivalent to approximately HK$8,659,000) has been paid and convertible bonds and promissory note measured at fair value at the dates of issue amounted to approximately HK$236,907,000 (2019: HK$108,943,000) in total have been issued as part of the deposits for Acquisition in accordance with the payment schedule set out in the Acquisition Agreements. As at 31 March 2020, 79.1% of the amounts set out on the payment schedule had been paid and issued while the remaining two instalments, being an aggregate of RM30.2 million (approximately HK$54,169,000) promissory notes, would be issued and payables by stages in accordance with the payment schedule to the Acquisition Agreement.

Upon completion of the Acquisition, the deposits will be classified as part of the purchase cost of the Property.

The outbreak of coronavirus (the "**COVID-19**") in early 2020 has adversely impacted the worldwide economy. On 18 March 2020, the Malaysian Government implemented the 2020 Movement Control Order (the "**MCO**") as a preventive measure for the COVID-19 pandemic in Malaysia. The Group therefore has to assess the impact of COVID-19 and the MCO on the overall retail industry in Malaysia and the Project CKB, and was of the view that the rental value of the Property would be significantly affected, which served as an impairment indicator and therefore the Group has engaged independent valuer to perform an impairment assessment on the deposits for Acquisition based on the fair value less the costs of disposal by referencing to the fair value of the Property as at 31 March 2020. According to the Valuation, there is a significant drops in the monthly market rent per square feet adopted in the valuation under income capitalisation approach, the fair value of the Property is RM142,400,000 (approximately HK$255,793,000) and the recoverable amount of the deposits for acquisition of subsidiaries is approximately HK$202,230,000, that warrants an impairment. The recoverable amount represents the Group's shares of the fair value of Properties as at 31 March 2020 as the Group has paid and issued 79.1% of the total consideration and part of the deposits being RM30.2 million (approximately HK$54,169,000) has not yet been paid as at 31 March 2020. Since the carrying amount of the deposits for acquisition of subsidiaries amounting approximately HK$245,566,000 is higher than the recoverable amounts, an impairment of HK$43,336,000 has been made to reduce the carrying amounts of deposits for acquisition of subsidiaries to its recoverable amounts.

The Group assessed the impairment based on the fair value less cost of disposal with reference to the fair value of the Property, which was valued by the independent valuers, B.I. Appraisals Limited (the "**Valuer**"). The Valuer is an independent qualified valuers not related to the Group and possesses professional qualifications with recent experience in the valuation of similar properties in vicinity.

The valuation of the Property was principally arrived at using income capitalisation approach, by taking into account the current rents passing and the reversionary income potential of the Property, which is a method of valuation whereby vacant units are assumed to be let at their respective market rents as at the valuation date. The valuation result is cross-checked by direct comparison method.

In the valuation, which falls under Level 3 of fair value hierarchy, the market rentals of all lettable units of the Property are assessed and capitalised at market yield expected by investors for this type of the Property. The market rentals are assessed by reference to the rentals achieved in the lettable units of the Property as well as other lettings of similar properties in the neighbourhood. The market yield which is the capitalisation rate adopted is made by reference to the yields derived from analyzing the sales transactions of similar properties in Malaysia and adjusted to take account of the valuer's knowledge of the market expectation from property investors to reflect factors specific to the Property.

The adopted capitalisation rates in the valuation range from 4.1% – 5.0%, and the monthly market rent per square feet is range from RM9.8 (equivalent to approximately HK$17.7) to RM18.0 (equivalent to approximately HK$32.3). The capitalisation rate and the monthly market rent per square feet are the key parameters in the valuation method of income capitalisation and they involve professional judgment in relation to the adjustments made by the Valuer. The fair value measurement is positively correlated to the monthly market rent per square feet and negatively correlated to the capitalisation rate.

Taking into account the impairment assessment, the Group considered that it is appropriate to make an impairment loss on deposits for acquisition of subsidiaries of HK$43,336,000. The Group considered the impairment of deposits for Acquisition is reasonable.

Other investments held as at 31 March 2020

In addition to the abovementioned significant investments, as at 31 March 2020, there were interests in joint ventures and interests in associates recognised in the Group's consolidated statement of financial position with carrying amount of approximately HK$1.2 million and approximately HK$2.3 million respectively.

The interests in joint ventures represented 33.3% equity interest in DeepSolutions Limited, which in turn holds 100% equity interest in DeepTranslate Limited (together the "**DeepSolutions Group**"). As detailed in the announcement of the Company dated 8 August 2018, DeepSolutions Limited and DeepTranslate Limited are limited companies incorporated in Hong Kong established by the Group and other parties pursuant to a joint venture agreement. DeepSolutions Group aims at developing a machine translation system to be used for translation of documents. The machine translation system was firstly for sale and according to the management account of DeepSolutions Group (subject to audit) for the year ended 31 March 2020, it recorded a net loss of approximately HK$0.3 million during FY2020. As at 31 March 2020, the carrying amount of DeepSolutions Group is approximately HK$1.2 million, represented approximately 0.2% of the Group's total assets. Since DeepSolutions Group is still newly established without any operating history, the fair value of this investment as at 31 March 2020 is difficult to be determined.

The interests in associates represented 25% equity interest in Bao Cheng Holdings (HK) Limited, which in turn holds 80% equity interest in 深圳市寶誠生物發展有限公司 (the "**Bao Cheng Group**"). Bao Cheng Holdings (HK) Limited and 深圳市寶誠生物發展有限公司 are limited companies incorporated in Hong Kong and the PRC established by the Group and other parties pursuant to an agreement. Bao Cheng Group aims at IT services in vaccine production business. During FY2020, Bao Cheng Group did not generate any revenue and recorded a net loss of approximately HK$12.6 million, as at 31 March 2020, the carrying amount of Bao Cheng Group is approximately HK$2.3 million, represented approximately 0.4% of the Group's total assets. Since Bao Cheng Group is still newly established without any operating history, the fair value of this investment as at 31 March 2020 is difficult to be determined.

Apart from the above, the Group did not acquire or hold any other significant investments during FY2020 and FY2019. In the future, the Group will continue to identify suitable targets for investment that (i) are profitable and have growth potentials that would contribute to the future earnings of the Group or (ii) provide collaboration and cross-selling opportunities that would be mutually beneficial for both the Group and the targets.

Capital assets held as at 31 March 2020

The Group acquired an office premises and a carpark in Kwun Tong during the year ended 31 March 2016 at a consideration of approximately HK$45.3 million and is still holding the office premises and the carpark as up to the date of this annual report. As at 31 March 2020, according to a valuation report issued by an independent professional valuer, the fair value of the office premises and the carpark is approximately HK$53.0 million (as at 31 March 2019: approximately HK$59.7 million).

Apart from the above, the Group did not acquire or hold any other significant capital assets during FY2020 and FY2019.

CONTINGENT LIABILITIES

During FY2020, performance bonds amounted to approximately HK$10.2 million (2019: approximately HK$26.5 million) were issued by a bank to customers of the Group to protect the customer from the Group's default on its obligation under the contract. Shall the customer demand compensation for the Group's default under the performance bond, the Group will be liable to reimburse the bank up to the full amount of the performance bond. For the approximately HK$26.5 million performance bond issued during FY2019, it was withdrew on 23 October 2019 due to the completion of contract. Except for the above, the Group had no material contingent liabilities as at 31 March 2020 (2019: Nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

For FY2020 and FY2019, 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 and the foreign exchange rate fluctuation risk of the consideration payable for acquiring Project CKB is limited under the sale and purchase agreement. The currency exchange rate risk of the Group for FY2020 and FY2019 is therefore considered to be immaterial, and the Group did not engage in any hedging activity.

In the future, the Group will face foreign exchange exposure as the Group would have assets and operations in Malaysia after the completion of Project CKB, as such, the Group will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

CHARGE ON THE GROUP'S ASSETS

As at 31 March 2020, except for the pledged bank deposit of approximately HK$2.0 million (2019: 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$39.9 million (2019: approximately HK$41.4 million) pledged to a bank for facilities of HK$52.0 million (2019: HK$42.0 million) used to finance the working capital of the Group, there were no charges on the Group's assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020, the Group employed a total of 203 full-time employees (2019: 187). The staff costs, including Directors' emoluments of the Group were approximately HK$126.1 million for FY2020 (2019: approximately HK$117.3 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.

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 Board has adopted and complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The Board 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 2020, except where otherwise stated.

Pursuant to code provision A.6.7 of the CG Code, the independent non-executive Directors and other non-executive Directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders. One Non-executive Director and one Independent Non-executive Directors of the Company were unable to attend the annual general meeting of the Company held on 30 August 2019 due to other business engagements.

However, there were at least one Executive Director and one Independent Non-executive Director presented at the annual general meeting to enable the Board to develop a balanced understanding of the views of shareholders of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by Directors. 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 2020.

BOARD OF DIRECTORS

As at the date of this annual report, the Board comprised two Executive Directors, five Non-executive Directors and four Independent Non-executive Directors. The composition of the Board during the year ended 31 March 2020 and up to the date of this report was as follows:

Executive Directors:
Mr. Leong Yeng Kit *(Chairman) (Appointed on 22 April 2020, as Chairman on 23 April 2020)*
Ms. Lee Pei Ling *(Appointed on 22 April 2020)*
Mr. Lee Cheong Yuen *(Chairman and Chief Executive Officer) (Removed on 22 April 2020)*
Mr. Chan Kwok Pui *(Removed on 22 April 2020)*
Mr. Tam Wing Yuen *(Appointed on 11 October 2019 and removed on 22 April 2020)*

Non-executive Directors:
Mr. Leong Yeng Kong *(Appointed on 22 April 2020)*
Ms. Leong Poh Chih *(Appointed on 22 April 2020)*
Mr. Leong Yeng Weng *(Appointed on 22 April 2020)*
Ms. Walaiporn Orakij *(Appointed on 22 April 2020)*
Ms. Durgadewi Yoganathan *(Appointed on 22 April 2020)*
Mr. Tam Kwok Wah *(Removed on 22 April 2020)*
Ms. Tuon Wai Man *(Removed on 22 April 2020)*
Mr. Tso Hon Sai Bosco *(Appointed on 11 October 2019 and removed on 22 April 2020)*

Independent Non-executive Directors:
Mr. Tan Eng Wah *(Appointed on 22 April 2020)*
Mr. Gan Cheng Khuan *(Appointed on 22 April 2020)*
Ms. Yvonne Low Win Kum *(Appointed on 22 April 2020)*
Mr. Chiu King Yan *(Appointed on 22 April 2020)*
Dr. Cheung Siu Nang Bruce *(Removed on 22 April 2020)*
Ms. Kam Man Yi Margaret *(Removed on 22 April 2020)*
Mr. Ko Sebastian Yat Fung *(Appointed on 30 August 2019 and removed on 22 April 2020)*
Mr. Fong Sing Chak Jack *(Resigned on 30 August 2019)*

RESPONSIBILITIES OF THE BOARD

The overall management of the Company's business is vested in the Board which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All Directors should make decisions objectively in the interests of the Company. The Board has the full support from the Executive Directors and the senior management of the Company to discharge its responsibilities.

The day-to-day management, administration and operation of the Company are delegated to the Executive Directors and the senior management of the Company. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the Executive Directors and senior management. The Board also assumes the responsibilities of maintaining high standard of corporate governance, including, among others, developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, and reviewing the Company's compliance with the CG Code. All Directors, including Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective delivery of the Board functions. Independent Non-executive Directors are invited to serve on the audit committee, the remuneration committee and the nomination committee of the Company.

The biographical details of the Directors and other senior management are set out in the section headed "**Biographical Details of Directors and Senior Management**" on pages from 41 to 45 of this annual report.

Save as disclosed above, the Board members have no financial, business, family or other material or relevant relationships with each other.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the FY2020, Mr. Lee Cheong Yuen acted as the Chairman of the Board and the Chief Executive Officer of the Company. Since 23 April 2020 and up to the date of this annual report, Mr. Leong Yeng Kit acts as the Chairman of the Board and the Company does not have any officer with the title of "chief executive officer" and this is deviated from the code provision A.2.1 of the CG Code.

Mr. Leong Yeng Kit, who acts as the Chairman and an Executive Director of the Company since 23 April 2020 and 22 April 2020, is also responsible for overseeing the general operations of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The roles of the respective Executive Directors and senior management, who are in charge of different functions, complement the role of the chairman and chief executive officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.

The Company understands the importance to comply with the code provision A.2.1 of the CG Code and will continue to consider the feasibility to nominate appropriate person for the role of chief executive officer.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "**Board Diversity Policy**") for the year ended 31 March 2020 and up to the date of this report. A summary of this Board Diversity Policy, together with the measurable objectives set for implementing this Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

Summary of the Board Diversity Policy

The Company recognised and embraced the benefits of having a diverse board to the quality of its performance. The Board Diversity Policy aimed to set out the approach to achieve diversity on the Board. In designing the Board's composition, board diversity has been considered from a number of measurable aspects including gender, age, ethnicity, knowledge and length of services. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regards for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates will be based on a range of diversified perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Implementation and Monitoring

The nomination committee of the Company reviewed the Board's composition under diversified perspectives, and monitored the implementation of the Board Diversity Policy annually.

The nomination committee of the Company has reviewed the Board Diversity Policy to ensure its effectiveness and considered that the Group complied the Board Diversity Policy for the year ended 31 March 2020 and up to the date of this report.

BOARD MEETING, GENERAL MEETING AND PROCEDURES

Board meetings involve the active participation, either in person or through other electronic means of communication, the Directors discuss and formulate the overall strategies of the Group, monitor financial performance and discuss the annual and interim results, as well as discuss and decide on other significant matters.

The company secretary of the Company (the "**Company Secretary**") assists in preparing the meeting agenda, and each Director may request the inclusion of items in the agenda. During the FY2020, at least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all the Directors at least three days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

All minutes of the Board meetings are recorded in detail and are properly kept by the Company Secretary, which are available for inspection at any reasonable time on reasonable notice by any Director.

Participation of individual Directors at Board meetings for the year ended 31 March 2020 is as follows:

	Number of meetings attended/held	
Name of Directors	Board Meetings	Annual General Meeting
Number of meetings	21	1
Executive Directors:		
Mr. Lee Cheong Yuen *(Removed on 22 April 2020)*	19/21	1/1
Mr. Chan Kwok Pui *(Removed on 22 April 2020)*	19/21	1/1
Mr. Tam Wing Yuen *(Appointed on 11 October 2019 and removed on 22 April 2020)**	12/13	N/A
Mr. Leong Yeng Kit *(Appointed on 22 April 2020)*	N/A	N/A
Ms. Lee Pei Ling *(Appointed on 22 April 2020)*	N/A	N/A
Non-executive Directors:		
Mr. Tam Kwok Wah *(Removed on 22 April 2020)*	19/21	1/1
Ms. Tuon Wai Man *(Removed on 22 April 2020)*	21/21	0/1
Mr. Tso Hon Sai Bosco *(Appointed on 11 October 2019 and removed on 22 April 2020)**	13/13	N/A
Mr. Leong Yeng Kong *(Appointed on 22 April 2020)*	N/A	N/A
Ms. Leong Poh Chih *(Appointed on 22 April 2020)*	N/A	N/A
Mr. Leong Yeng Weng *(Appointed on 22 April 2020)*	N/A	N/A
Ms. Walaiporn Orakij *(Appointed on 22 April 2020)*	N/A	N/A
Ms. Durgadewi Yoganathan *(Appointed on 22 April 2020)*	N/A	N/A
Independent Non-executive Directors:		
Dr. Cheung Siu Nang Bruce *(Removed on 22 April 2020)*	17/21	1/1
Ms. Kam Man Yi Margaret *(Removed on 22 April 2020)*	19/21	1/1
Mr. Ko Sebastian Yat Fung *(Appointed on 30 August 2019 and removed on 22 April 2020)**	15/15	N/A
Mr. Fong Sing Chak Jack *(Resigned on 30 August 2019)**	6/6	0/1
Mr. Tan Eng Wah *(Appointed on 22 April 2020)*	N/A	N/A
Mr. Gan Cheng Khuan *(Appointed on 22 April 2020)*	N/A	N/A
Ms. Yvonne Low Win Kum *(Appointed on 22 April 2020)*	N/A	N/A
Mr. Chiu King Yan *(Appointed on 22 April 2020)*	N/A	N/A

* Only the meeting held during his tenure is counted

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing, reviewing and monitoring the Company's policies and practices on corporate governance, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the code of conduct applicable to employees and Directors and the Company's Compliance with the CG Code and disclosure in this report. The Board held meetings from time to time whenever necessary. At least 14 days' notice of regular Board meetings is given to all Directors and they can include matters for discussion in the agenda as they think fit. The agenda accompanying Board papers are sent to all Directors at least three days before the date of every Board meeting in order to allow sufficient time for the Directors to review the documents.

Minutes of every Board meeting are circulated to all Directors for their perusal and comments prior to confirmation of the minutes. The Board also ensures that it is supplied in a timely manner with all necessary information in a form and of a quality appropriate to enable it to discharge its duties.

Every Board member has full access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and they are also entitled to have full access to Board papers and related materials so that they are able to make an informed decision and to discharge their duties and responsibilities.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current articles of association of the Company (the "**Articles**") provide that subject to the manner of retirement by rotation of Directors as from time to time prescribed by the Listing Rules, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation and that every Director shall be subjected to retirement by rotation at least once every three years.

Independent Non-executive Directors are appointed for a specific term subject to retirement by rotation and re-election in accordance with the Articles. Each Independent Non-executive Director is required to inform the Company as soon as practicable if there are any changes that may affect his/her independence. The Company has received from each of the Independent Non-executive Director an annual confirmation of his/her independency pursuant to Rule 3.13 of the Listing Rules and the Company considers the Independent Non-executive Directors to be independent.

CONTINUOUS PROFESSIONAL DEVELOPMENT

To assist Directors' continuous professional development, the Company recommends Directors to participate in continuous professional development programmes such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. All newly appointed Directors will receive an induction package covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Group's business and the statutory regulatory obligations of a director of a Hong Kong listed company to ensure that the newly appointed Directors are sufficiently aware of their responsibilities and obligations under the Listing Rules and other regulatory requirements.

All Directors understand the importance of continuous professional development and are committed to participate in any suitable training to develop and refresh their knowledge and skills.

Pursuant to the code provision A.6.5 of the CG Code, all Directors participated in continuous professional development for the year ended 31 March 2020:

Name of Directors	Training on corporate governance, regulatory development and other relevant topics by attending seminars or reading articles and publications
Executive Directors:	
Mr. Lee Cheong Yuen *(Removed on 22 April 2020)*	✔
Mr. Chan Kwok Pui *(Removed on 22 April 2020)*	✔
Mr. Tam Wing Yuen *(Appointed on 11 October 2019 and removed on 22 April 2020)*	✔
Non-executive Directors:	
Mr. Tam Kwok Wah *(Removed on 22 April 2020)*	✔
Ms. Tuon Wai Man *(Removed on 22 April 2020)*	✔
Mr. Tso Hon Sai Bosco *(Appointed on 11 October 2019 and removed on 22 April 2020)*	✔
Independent Non-executive Directors:	
Dr. Cheung Siu Nang Bruce *(Removed on 22 April 2020)*	✔
Ms. Kam Man Yi Margaret *(Removed on 22 April 2020)*	✔
Mr. Ko Sebastian Yat Fung *(Appointed on 30 August 2019 and removed on 22 April 2020)*	✔
Mr. Fong Sing Chak Jack *(Resigned on 30 August 2019)*	✔

BOARD COMMITTEES

The Board has established three board committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**"), with written terms of reference which are available on the Company's website and the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The attendance record of each member of the Audit Committee, the Remuneration Committee and the Nomination Committee for the year ended 31 March 2020 is as follows:

Name of Directors	Number of meetings attended/held Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings	3	3	4
Executive Directors:			
Mr. Lee Cheong Yuen *(Removed on 22 April 2020)*	N/A	N/A	2/4
Mr. Chan Kwok Pui *(Removed on 22 April 2020)*	N/A	N/A	4/4
Mr. Leong Yeng Kit *(Appointed on 22 April 2020)*	N/A	N/A	N/A
Independent Non-executive Directors:			
Dr. Cheung Siu Nang Bruce *(Removed on 22 April 2020)*	3/3	2/3	3/4
Ms. Kam Man Yi Margaret *(Removed on 22 April 2020)*	3/3	3/3	4/4
Mr. Ko Sebastian Yat Fung *(Appointed on 30 August 2019 and removed on 22 April 2020)**	1/1	2/2	2/2
Mr. Fong Sing Chak Jack *(Resigned on 30 August 2019)**	2/2	1/1	2/2
Mr. Tan Eng Wah *(Appointed on 22 April 2020)*	N/A	N/A	N/A
Mr. Gan Cheng Khuan *(Appointed on 22 April 2020)*	N/A	N/A	N/A
Ms. Yvonne Low Win Kum *(Appointed on 22 April 2020)*	N/A	N/A	N/A
Mr. Chiu King Yan *(Appointed on 22 April 2020)*	N/A	N/A	N/A

* Only the meeting held during his tenure is counted

AUDIT COMMITTEE

The Company has established 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 Company's website and the Stock Exchange's website.

The Audit Committee currently consists of four Independent Non-executive Directors namely Mr. Tan Eng Wah, Mr. Gan Cheng Khuan, Ms. Yvonne Low Win Kum and Mr. Chiu King Yan. The chairman of the Audit Committee is Mr. Chiu King Yan, who has appropriate professional qualifications and experience in accounting matters.

The Audit Committee is mainly responsible for the followings:

(a) to consider the appointment of the external auditors, the performance of the external auditors, the audit fee and any questions of resignation or dismissal;

(b) to review with the Group's management, external auditors and internal auditors, the adequacy of the Group's policies and procedures regarding internal controls (including financial, operational and compliance controls), risk management system and any statement by the Directors to be included in the annual accounts prior to endorsement by the Board;

(c) to have familiarity with the financial reporting principles and practices applied by the Group in preparing its financial statements;

(d) to review the scope of the external audit, including the engagement letter prior to audit commencement. The Audit Committee should understand the factors considered by the external auditors in determining their audit scope. The external audit fees are to be negotiated by management, and presented to the Audit Committee for review and approval annually; and

(e) to review the annual and interim financial reports prior to approval by the Board, with particular focus on:

    (i) any changes in accounting policies and practices;

    (ii) major judgmental areas;

    (iii) significant adjustments resulting from the audit;

    (iv) the going concern assumption and any qualifications;

    (v) compliance with accounting and auditing standards; and

    (vi) compliance with the listing requirements of the Stock Exchange and legal requirements.

For the year ended 31 March 2020, the Audit Committee held three meetings to consider and approve the following:

(a) to review the scope of the external audit prior to annual audit commencement;

(b) to review the interim and annual financial statements before submission to the Board, with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting of the Group;

(c) to discuss the effectiveness of the internal control systems throughout the Group, including financial, operational and compliance controls, and risk management;

(d) to review the accounting principles and practices adopted by the Group and other financial reporting matters; and

(e) to address the audit issues raised by the external auditors of the Group.

The audited consolidated financial statements of the Group for the year ended 31 March 2020 have been reviewed by the Audit Committee, which was of the opinion that the consolidated financial statements have been prepared in compliance with the applicable accounting standards and Listing Rules.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors during the year ended 31 March 2020.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee and is currently comprising one Executive Director, namely Mr. Leong Yeng Kit, and two Independent Non-executive Directors, namely Mr. Tan Eng Wah and Mr. Gan Cheng Khuan. Mr. Tan Eng Wah is the chairman of the Remuneration Committee. The terms of reference of the Remuneration Committee are available at the Company's website and on the Stock Exchange's website.

The main roles and functions of the Remuneration Committee include the followings:

(a) establish guidelines for the remuneration of the Directors and senior management;

(b) recommend to the Board the policy and structure for the remuneration of Directors and senior management whilst ensuring no Director or any of his/her associates are involved in deciding his/her own remuneration;

(c) determine the remuneration of Directors and senior management, including benefits in kind, pension right, compensation payment (including compensation for loss of office or appointment etc). The Director and/or senior management shall be consulted respectively about their proposals relating to the remuneration of the Director and/or senior management, as the case may be;

(d) review and approve the compensation arrangements in connection with any loss or termination of their office or appointment, or dismissal or removal for misconduct to executive Directors and senior management which shall be fair and not excessive;

(e) determine the criteria for assessing employee performance, which should reflect the Company's business objectives and targets; and

(f) consider the annual performance bonus for executive Directors, senior management, and the general staff, having regard to the achievements against the performance criteria by reference to market norms, and make recommendation to the Board.

The emolument payable to Directors depends on their respective contractual terms under the service contracts and the appointment letters, and as recommended by the Remuneration Committee. Details of the Directors' emolument are set out in note 9 to the consolidated financial statements.

NOMINATION COMMITTEE

The Company has established the Nomination Committee and is currently comprising one Executive Directors, namely Mr. Leong Yeng Kit and two Independent Non-executive Directors, namely Mr. Tan Eng Wah and Ms. Yvonne Low Win Kum. Mr. Leong Yeng Kit is the chairman of the Nomination Committee. The terms of reference of the Nomination Committee are available at the Company's website and on the Stock Exchange's website.

The main roles and functions of the Nomination Committee include the followings:

(a) review and monitor the structure, size and composition (including the skills, knowledge and experience) of the Board to complement the Company's corporate strategy;

(b) develop and formulate relevant procedures for nomination and appointment of Directors;

(c) identify and nominate qualified individuals by making reference to that person's skills, qualification and expected contribution to the Company before recommending for appointment as additional Directors or to fill Board vacancies as and when they arise;

(d) make recommendations to the Board on matters relating to the appointment or reappointment of Directors and succession planning for Directors;

(e) assess the independence of Independent Non-executive Directors and review the Independent Non-executive Directors' annual confirmations on their independence; and make disclosure of its review results in the corporate governance report; and

(f) report to the Board on decisions or recommendations made, unless there are legal or regulatory restrictions not to do so.

NOMINATION POLICY

The Board has adopted a nomination policy (the "**Nomination Policy**") which sets out the selection criteria and nomination procedures to identify, select and recommend candidates for Directors.

Selection Criteria

When evaluating and selecting candidates for directorships, the members of the Nomination Committee or the Board shall consider the following criteria:

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategies;

(c) The Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;

(d) Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;

(e) In case of Independent Non-executive Directors, whether the candidates would be considered independent in accordance with the Listing Rules;

(f) In case of re-election, the overall contribution and service to the Company of the Director to be reelected and the level of participation and performance on the Board and the other criteria set out in this section; and

(g) Such other perspectives appropriate to the Company's business.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

Nomination Procedures

(a) The Nomination Committee and/or the Board identifies potential candidates including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agencies and/or advisors. The Nomination Committee then develops a short list of candidates and agrees on proposed candidate(s);

(b) Proposed candidate(s) will be asked to submit the necessary personal information, biographical details, together with their written consent to be appointed as a Director. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary;

(c) The Nomination Committee shall, upon receipt of the proposal on appointment of new Director and the personal information (or relevant details) of the proposed candidate(s), evaluate such candidate(s) based on the criteria as set out above to determine whether such candidate(s) is qualified for directorship;

(d) For any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

(e) If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);

(f) The secretary of the Nomination Committee shall convene a meeting of the Nomination Committee. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for re-election or election at a general meeting, the Nomination Committee shall make nominations or recommendations for the Board's consideration and the Board shall make recommendations to shareholders in respect of the proposed re-election or election of Director(s) at the general meeting;

(g) In order to provide information of the candidates nominated by the Board to stand for election or re-election at a general meeting, a circular will be sent to shareholders. The circular will set out the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations including the Listing Rules, of the proposed candidates; and

(h) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting.

Monitor and Review

The Nomination Committee will monitor the implementation of the Nomination Policy and report to the Board when necessary. Also, the Nomination Committee will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Policy and will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group that gives a true and fair view of the state of affairs of the Group. The Directors aim to present a balanced and understandable assessment of the Group's position and prospects with timely publication of the financial statements of the Group. As at 31 March 2020, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statements by external auditors, Crowe (HK) CPA Limited, about their reporting responsibility on the financial statements of the Group are set out in the independent auditor's report from pages 59 to 64 of this annual report.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board oversees the risk management and internal control framework and has overall responsibility for the establishment, maintenance and review of the Group's risk management and internal control system to manage risks and safeguard shareholder investments and the assets of the Group. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The objective of the Group's risk management framework is to provide a clear governance structure and procedures in managing risks across business operations. The Board has evaluated the risks that the Group may expose to when achieving the Group's strategic objectives and has overseen the management in the design, implementation and monitoring of the risk management procedures.

The Group has adopted risk management procedures to identify, evaluate and manage significant risks. At least on an annual basis, the Board conducts a risk assessment and continuous review to determine the status of monitoring and effectiveness of risk management of the Company. The Board also conducts annual review of the implemented system and procedures, covering financial, operational and legal compliance controls and risk management functions. The Directors consider that the Group has implemented effective and adequate procedures to safeguard the Group's assets against unauthorised use or misappropriation, maintain proper accounting records, and executed with appropriate authority and compliance of the relevant laws and regulations.

The Board and the senior management of the Group adopted the following main procedures to monitor the effectiveness of the Group's risk management and internal control functions:

- Organise work meetings to determine the Group's risk appetite and the overall risk management and internal control framework;

- Establish internal control and risk management procedures to define the responsibilities of monitoring levels within the Group;

- Conduct risk identification and evaluation based on various factors and review the operational process to ensure appropriate operation workflows and controls are in place to mitigate significant risks;

- Review and monitor internal control deficiencies, if any, and ensure the delegated risk owners have taken remediation actions promptly by tracking the status of actions completion; and

- Promote the norms of internal control amongst staff and enhance staff awareness of the importance and necessity of internal control system.

The Group also has internal guidelines in place to ensure inside information is disseminated to the public in accordance with the applicable laws and regulations. Executive Directors and financial function of the Group are delegated with responsibilities to control and monitor the proper procedures regarding inside information disclosures. To prevent possible mishandling of inside information within the Group, access to inside information is restricted only to relevant senior personnel and other professional parties involved and they are constantly reminded to preserve confidentially of the inside information until it is publicly disclosed.

In addition to the above policies and procedures, the Group has engaged external professional service firm to perform internal audit function and conduct independent risk management and internal control review. The professional service firm reports the findings to the Board annually via meetings and written reports that highlights key risks and action plans. Deficiencies in the design and implementation of internal controls, if any, are identified and recommendations are proposed for improvement. Internal control deficiencies (if any) are reported to the Audit Committee and the Board on a timely basis. For the year ended 31 March 2020, with reference to the reports provided by the professional service firm, the Board concluded that there were no significant control failings or weaknesses identified and the Group's processes for financial reporting and Listing Rules compliance are effective.

DIVIDEND POLICY

The Company adopts a dividend policy which intends to balance the return to the shareholders of the Company and the need for long-term sustainable development of the Group. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and needs for future growth as well as its shareholder value in the long-run. The amount of dividends (if any) that may be declared and distributed to the shareholders of the Company is subject to the discretion of the Board, the constitution of the Company and all applicable laws and regulations and other factors. The Board shall also take into account various factors of the Group when considering the declaration and payment of dividends. The Board will review the dividend policy as appropriate from time to time. For FY2020, no dividend is recommended by the Board as the Group needs to reserve working capital for its business development and settle the consideration payable in relation to acquisition of Project CKB in the future.

AUDITOR'S REMUNERATION

The amount of fees charged by the external auditors generally depends on the scope and volume of the external auditors' work performed.

For the year ended 31 March 2020, the remuneration paid or payable to the external auditors of the Company in respect of audit services and non-audit services for the Group are as follows:

	Fees paid/payable for the services rendered HK$'000
Audit services	800
Non-audit services	168

COMPANY SECRETARY

The Company Secretary directly reports to the Board. The Company Secretary is responsible for supporting and advising the Board on governance matters. All Directors have access to the advice and service of the Company Secretary to ensure that Board procedures, all applicable rules and regulations are followed.

Ms. Tam Hang Yin ceased to be the Company secretary of the Company on 24 April 2020, Mr. Pun Shing Cheung has been appointed as the Company Secretary of the Company with effect from 24 April 2020. For the year ended 31 March 2020, Ms. Tam Hang Yin confirmed that she has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interest and rights, separate resolutions can be proposed at shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the Stock Exchange's website and the Company's website after the relevant shareholders' meeting.

PROCEDURES FOR SHAREHOLDERS TO CONVENE EXTRAORDINARY GENERAL MEETING

The following procedures for shareholders to convene an extraordinary general meeting are subject to the Articles (as amended from time to time), and the applicable legislation and regulation, in particular the Listing Rules (as amended from time to time):

(a) any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the "**Eligible Shareholder(s)**") carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary to require an extraordinary general meeting ("**EGM**") to be called by the Board for the transaction of any business specified in such requisition;

(b) Eligible Shareholders who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the head office and principal place of business of the Company in Hong Kong at Unit A, 25/F, TG Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, or Hong Kong branch share registrar and transfer office of the Company, Union Registrars Limited, Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for the attention of the Board and/or the Company Secretary;

(c) the Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding, the reason(s) to convene an EGM and the details of the business(es) proposed to be transacted in the EGM, and must be signed by the Eligible Shareholder(s) concerned;

(d) the Requisition will be verified with Hong Kong branch share registrar and transfer office of the Company and upon their confirmation that the Requisition is proper and in order, the Board will convene an EGM by serving sufficient notice in accordance with the requirements under the Articles to all the registered Shareholders. On the contrary, if the Requisition has been verified as not in order or the Shareholders concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM; and

(e) if within 21 days of the deposit of the Requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles, shareholders who wish to move a resolution may by means of Requisition convene an EGM following the procedures set out above.

PROCEDURES FOR RAISING ENQUIRIES

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "**Corporate Information**" of this annual report).

Should there are any enquiries and concerns from shareholders, they may send in written enquiries addressed to the head office and principal place of business of the Company in Hong Kong at Unit A, 25/F, TG Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong by post for the attention of the Board and/or the Company Secretary.

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

INVESTORS RELATIONS

The Company has established a range of communication channels between itself and its shareholders, and investors. These include answering questions through the annual general meeting, the publication of annual and interim reports, notices, announcements and circulars, the Company's website at www.1460.hk and meetings with investors and shareholders. News update of the Group's business development and operation are also available on the Company's website.

For the year ended 31 March 2020, there had been no significant change in the Company's constitutional documents.

ABOUT THIS REPORT

ICO Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**" or "**We**") recognize that the environmental and social sustainability, with responsible business practices underpin a long-term business development and success. We endeavour to achieve harmonious, long-term and sustainable development for the Group, the society, the environment and the economy as a whole.

REPORTING STANDARD

This Environmental, Social and Governance ("**ESG**") report ("**Report**") has been prepared in accordance with the "comply or explain" provisions and recommended disclosures of the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This ESG Report provides a summary of our environmental, social and governance performance for the financial year ended 31 March 2020 ("**Reporting Period**").

REPORTING SCOPE

Unless otherwise specified, the reporting scope includes all areas of business over which the Group has financial significance and operational influence, as well as those of environmental, social and governance significance to the Group and its stakeholders. The content of the report mainly focuses on the core businesses of the Group, and overall performance of the fulfillment of sustainability and corporate social responsibility for the Reporting Period.

Regarding to the corporate governance structure of the Group and other relevant information, please refer to the Corporate Governance Report on pages 16 to 32 in this annual report.

CONTACT AND FEEDBACK

We value your feedback and suggestion to help us improve our ESG performance. You are welcome to contact us by
Email: info@ico.com.hk
Post: Unit A, 25/F, TG Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong.

STAKEHOLDER ENGAGEMENT

We recognise the importance of comprehensive and effective stakeholders engagement in achieving sustainable development of the Group. We strive to maintain appropriate communication with our stakeholders to understand their concerns and expectations towards our operations and sustainability performances. Stakeholders engagement provides valuable insights on our strategic development, and fosters decision-making, which are beneficial to our management.

The table below demonstrated the communication channels adopted by the Group for stakeholder engagement:

Stakeholders	Communication Channels
Investors and shareholders	• Company website • Annual and interim reports • Announcements and circulars • General meetings
Employees	• Training and orientation • Regular meetings • Employee performance evaluation
Customers	• Daily operation and communication • Meetings and visits • Customers feedback
Suppliers	• Daily operation and communication • Regular review and evaluation
Government and regulatory authorities	• Compliance with regulatory legislative framework • Occasional face-to-face meetings and visits • Correspondence
Community	• Public welfare and community activities • Company website • Charitable donations

MATERIALITY ASSESSMENT

The Group committed to a high standard of corporate social responsibility and complied with relevant laws and regulations reporting. Based on the above stakeholder engagement activities, we have performed the materiality assessment to identify relevant ESG issues and assessed their materiality to our businesses and to our stakeholders.

The following table summarises the Group's material ESG issues as set out in the ESG Report is shown as below:

A. ENVIRONMENTAL

As the Group is principally engaged in provision of IT solutions and services in Hong Kong mainly with office operations, which does not involve direct emission of large amounts of polluted air, discharge of pollutants into water and land, and generation of hazardous waste. Due to the nature of the Group's business, the Group's daily operations mainly involve indirect greenhouse gas emissions, which are mainly due to the use of electricity, paper consumptions in our office setting and business air travel. The Group does not generate material hazardous wastes and the direct impact to the environment is immaterial.

A1. Emissions

Air and Greenhouse Gas Emissions

During the years ended 31 March 2020 and 2019, the quantitive information in relation to greenhouse gases emission of the Group is as follows:

Greenhouse Gases Emissions	2020 tonnes	2019 tonnes
Indirect Emission (Scope 2)		
Electricity	**108**	106
Indirect Emission (Scope 3)		
Paper Consumption	**3**	2
Business air travel	**36**	5
Total emission of greenhouse gases	**147**	113
Total emission of greenhouse gases per square metre of floor area	**0.15**	0.12

Waste Management

The Group adheres to the waste management principle and strives to properly manage and dispose wastes produced by our business activities. The non-hazardous wastes generated by the Group's operations mainly consist of paper and toner cartridges. With the growing awareness for reduction of waste, we regularly monitor the consumption volume of paper and toner cartridges.

A2. Use of Resources

We attached great importance to environmental protection to establish an environmentally-friendly enterprise and committed to minimizing the impact of business activities on the environment. A number of initiative measures designed to conserve resources have been introduced to promote employees' awareness of the need for resources conservation and achieving efficient utilization of resources.

During the years ended 31 March 2020 and 2019, the total energy consumption of the Group in terms of electricity is as follows:

Energy Consumption	2020	2019
Energy consumption – electricity (kwh)	**216,482**	207,589
Energy consumption – electricity per floor area (kwh/m^2)	**226**	216

Water Consumption	2020	2019
Water consumption (m^3)	**42**	64
Water consumption per floor area (m^3/m^2)	**0.04**	0.07

Energy Consumption

We recognised that consumption of electricity accounts for the major indirect greenhouse gases emissions, in order to further reduce emission of greenhouse gases and electricity consumption, the Group will continue to implement energy saving measures. Staff of the Group are required to turn on power saving mode for computers, printers and monitors to reduce energy consumption when the machines are in idle and to switch off lights, printers, air conditioners and power of computers by the end of the working day. By adopting these policies, the Group wishes to create an environmental friendly working environment.

Water Consumption

For the drinking water consumed during FY2020, the water purifier was used to process tap water in one of the office premises, while distilled water was ordered from suppliers in another office premise, which remain in similar level when compared with FY2019. Apart from drinking water, the Group used minimal water for its daily operations only for cleaning purpose. Notices are posted in office premises to remind staff to turn off water taps after use and use water wisely.

Paper Consumption

The Group will continue to promote reduction of paper printing and encourage the use of electronic communication. Single-sided papers are reused as scrap papers or used for printing internal documents. Electronic leave application system is used instead of leave approval records in paper form. Notices are posted in office premises to remind staff to use paper wisely so as to reduce damages to the environment. The Group does not use any packaging materials for its operations.

Business Air Travel

Business air travel is unavoidable as the Group is seeking to expand its business beyond Hong Kong. Nevertheless, the staff of the Group travelled only when necessary and were travelled in economy class in order to reduce greenhouse gases emissions.

A3. Environment and Natural Resources

We are committed to the protection of the environment and aimed to save natural resources by enhancing the awareness among employees to participate in different kinds of recycling activities and minimizing the use of natural resources. Regarding the operation of our Group, we are not aware of any significant impacts of activities on the environment and natural resources.

As mentioned in sections headed "**Waste Management**" and "**Use of Resources**", we strive to minimize the impacts of our business development on the environment and natural resources.

B. SOCIAL

Human Resources are the most valuable asset of the Group. Developing and retaining talents are vital to the sustainable growth of the Group. Hence, the Group strictly abides by the employment laws and regulations in Hong Kong, including the Employment Ordinance, the Employees' Compensation Ordinance and the Sex Discrimination Ordinance. During the Reporting Period, the Group did not have any significant non-compliance issues in this regard.

B1. Employment

The Group has formulated Staff Handbook, covering recruitment, remuneration, compensations, employee benefits, etc. With periodically reviews the employment policies to ensure continuous improvement of the standards and competitiveness.

As the competition in labour market is intense, it is getting more difficult to retain talented employees. We are committed to retaining talented staffs through providing competitive salaries and benefits, offering employees continuous on-the-job training and development and creating a work environment in which a work-life balance is supported.

During our recruitment and staff promotion process, we provide equal opportunity for all people regardless of sex, marital status, family status or disability. Our judgment is based on their qualifications, experience, skills, potential and performance. Performance appraisal is offered to employees on annual basis. The purpose of our performance appraisal does not solely evaluating their abilities, it also provides the opportunities for employees to discuss with management their concerns and ideas.

The Group's remuneration policy is based on principle of equality, motivation, which is performance-oriented and market-competitiveness. Remuneration package is normally reviewed on an annual basis. Apart from salary payments, other staff benefits including provident fund contributions, medical insurance and performance-related bonus are provided to employees.

In addition to the above, the Group engaged the mandatory provident fund trustee to provide comparatively low management fee among others which improve staff's long term welfare. The Group pays for mandatory provident fund in accordance with the laws of Hong Kong and abide by any statutory leave prescribed by the laws and regulations in Hong Kong.

As at 31 March 2020, the staff gender and age distribution by position is as follows:

Position	No. of employees	Male	Female	Aged under 30	Aged 30 to 40	Aged 41 to 50	Aged above 50
Manager or above	47	38	9	0	7	24	16
General staff	156	118	38	59	60	27	10

Staff turnover during the year ended 31 March 2020 is as follows:

Category	No. of employees	Male	Female	Aged under 30	Aged 30 to 40	Aged 41 to 50	Aged above 50
New staff	60	47	13	30	16	7	7
Staff turnover	42	32	10	10	23	6	3

B2. Health and Safety

To safeguard employee's occupational health and safety, the Group committed to providing a safe and healthy working environment. First aid kits are available in every office premises. The Group also provided medical insurance for permanent employees and adopted policies and procedures regarding work safety and occupational health issues. The Group complies with relevant laws and regulations in Hong Kong including the Occupational Safety and Health Ordinance. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation of employee health and safety.

B3. Development and Training

We supported our employees to develop their potentials and enhance their capabilities, which in turn contributed to the Group. Considering the individual needs of the employees' personal career development, regular trainings were provided to employees to ensure they are equipped with appropriate and up-to-date skills to handle their job duties. The Group also encouraged employees to enroll external training courses that related to their job engagements.

B4. Labour Standards

The Group was in strict compliance with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). Child and forced labour were strictly prohibited in the recruitment process. Personal data was collected during the process to assist the selection of suitable candidates and the Human Resources Department would ensure the identity documents were thoroughly checked. During the Reporting Period, there was no incident of non-compliance with the relevant laws and regulations that would have significant impact to the Group.

B5. Supply Chain Management

We consider our suppliers as strategic partners and contributors to our businesses, and the Group had maintained long term and stable relationships with major suppliers. All suppliers are carefully evaluated and regularly monitored based on a number of factors, including their price, scope of services, quality of products and services and their capabilities. During the Reporting Period, the Group was not aware that any major suppliers' actions or practices that had a significant negative impact on business ethics, environmental protection, human rights and labour practices.

B6. Product Responsibility

It is the Group's policy to respect intellectual property rights and prohibit the use of infringing articles in its business. All staff are required to strictly follow the relevant laws such as Copyright Ordinance. During the reporting period, the Group had no material non-compliance with relevant laws and regulations.

The continuous support from customers has been one of the critical success factors of the Group, therefore the Group put strong emphasis on providing quality products and services to its customers. Customer complaints, if any, are reviewed by respective technical team members to address. If necessary, the team will also escalate complaints to management for follow-up actions.

The Group has a comprehensive security policy in place to safeguard its assets and information. The Group's security and confidentiality guideline requires its staff to comply with regulations in relation to physical security, access control security, data security, application security, network and communication, and password management.

Regarding data privacy, the Group requires its staff to follow the applicable laws such as Personal Data (Privacy) Ordinance when handling both customers' and internal personal data. Staff are required to agree to hold all confidential information in trust and confidence upon contract signing, during and after the staff's period of service. For governmental projects, the Group treats all information received from the Government as confidential and agrees to use the confidential information solely for the purposes of assignment contracts.

B7. Anti-corruption

The Group strived to achieve high standards of conduct and integrity in our business operations and stand against any form of bribery, extortion, fraud and all other misconduct behaviours. We strictly abide by the Prevention of Bribery Ordinance and the relevant laws and regulations regarding anti-corruption, bribery, extortion, fraud and anti-money laundering. Each of our employees had an obligation and was encouraged to report concerns about any misconduct they had noticed, including but not limited to, violations of legal or regulatory requirements, misconduct or fraud that might adversely affect the Group's reputation and image, as well as violations of the code of conduct of the Group. During the Reporting Period, the Group had not noted any cases of non-compliance in relation to relevant laws and regulations.

B8. Community Investment

Over the years, the Group believed in the importance of developing young talents in the society. The Group had been working closely with different educational organisations to provide scholarships and internship opportunities to their students to support education of young generation and for them to learn real-life working skills. During the Reporting Period, donation was made to charitable organization. The Group would continue to support and encourage all employees to participate their own initiatives in volunteer works or charity activities for building a harmonious and prosperous society.

EXECUTIVE DIRECTORS

Mr. Leong Yeng Kit ("Mr. Leong"), aged 47, is a lawyer and banker by profession. He is currently a practicing lawyer practicing in partnership at the legal firm of Leong Yeng Kit & Co. which he founded and now serves as its Managing Partner. Mr. Leong was the founder director of OSK Indochina Bank Limited and OSK Indochina Securities Limited (now known as RHB Indochina Bank Limited and RHB Indochina Securities Plc. respectively) and was an independent non-executive director of RHB Indochina Bank Limited and RHB Indochina Securities Limited (both a subsidiary of RHB Bank Berhad, a company listed on Bursa Malaysia, stock code: 1066) until 2016 and had previously served on its remuneration and nominations committee, audit committee, risk management committee and new activities and products committee of both RHB Indochina Bank Limited and RHB Indochina Securities Limited. Mr. Leong is an experienced investor with over a decade of investment experience in various industries, including advertising and media, securities services, palm oil plantation, real estate, property development, electronics testing and product assurance facility, restaurant chains and private equity fund. Mr. Leong is interested in investing in industries with great potential and he is constantly looking for investment opportunities in Asia.

Mr. Leong Yeng Kit had previously been appointed by the Federal Court of Malaysia as a Commissioner for Oaths. He also had served in various committees in the Malaysian Bar Council and is also currently Chapter Chair for Malaysia and Member of the International Section Executive Committee of the New York State Bar Association. He has also been appointed Special Legal Attorney by the Attorney General of the State of Minnesota, USA.

In the Palm Oil Plantation industry, he is also a Director of the Buloh Akar Holdings Sdn Bhd and Chairman of Sungei Ream Holdings Sdn Bhd which is the controlling shareholder of Riverview Rubber Estates Berhad, which is a company listed on Bursa Malaysia (stock code: 2542), and a director of Rivaknar Holdings Sdn. Bhd. Mr. Leong is the Chairman of Tricor Securities Services PLC, a licensed issuing house and share registrar in Cambodia. In property development, he is also the Group Managing Director of WiraDani Development Sdn Bhd and Three Woods Development Sdn Bhd. He is an independent non-executive director of Meridian Berhad, the property developer of Malaysia Tourism City, which is listed on Bursa Malaysia (stock code: 5040).

In a diplomatic role, Mr. Leong Yeng Kit is the Honorary Consul of the Republic of Latvia to Malaysia since 2019 and up to the date of this requisition notice.

In serving his community, Mr. Leong was also the Honorary Treasurer of the National Kidney Foundation of Malaysia (2007–2014), President of the Kiwanis Club of Bukit Kiara (2008–2009), President of the Kolej Tuanku Ja'afar Alumni Society (2000–2009) and President of the Rotary Club of Petaling Jaya (2010–2011) and continues to serve in active charitable roles as at the date of this requisition notice.

Mr. Leong Yeng Kit is the brother of Mr. Leong Yeng Kong, Dr. Leong Yeng Weng and Ms. Leong Poh Chih, and is the brother-in-law of Dr. Orakij.

Ms. Lee Pei Ling ("Ms. Lee"), aged 31, graduated from the law school of University of Reading, England in 2010 and was called to the Malaysian Bar in 2013. She is a practicing lawyer in Malaysia and is the sole proprietor of the legal firm Pei Ling & Co., Advocates and Solicitors. She primarily practices corporate, conveyancing and commercial law as well as banking and loan legal documentations. Apart from the legal practice, Ms. Lee is also a project controller for property developers managing the project operation of various property development projects in Malaysia. Ms. Lee has also been appointed as the company secretary of a few private companies in Malaysia and a director of a company in Cambodia which are directly or indirectly owned by Mr. Leong Yeng Kit.

Ms. Lee is also a permanent member of The Chinese Chamber of Commerce & Industry of Kuala Lumpur & Selangor (KLSCCCI) and is also serving as one of the executive committee member of Youth KLSCCCI.

NON-EXECUTIVE DIRECTORS

Mr. Leong Yeng Kong, aged 45, is a graduate from Monash University, Australia with a Bachelor of Commerce and an Bachelor of Laws degree. He was called to the Malaysian Bar in 2000 and joined Messrs. Leong Yeng Kit & Co., a legal firm founded and managed by Mr. Leong Yeng Kit, as a partner in 2002.

Mr. Leong Yeng Kong is primarily involved in Civil and Commercial litigation with emphasis on asset and debt recovery, shareholders' dispute, insolvency, liquidations, project revival schemes, strata management matters, land disputes, family law, general debt collection and conflict resolution.

Mr. Leong Yeng Kong had been a member examiner for the Malaysian Bar's examination board for 3 years in 2005–2007. He had also been a member of the Malaysian Bar's Constitutional Committee from 2009–2016 in which he assisted the Malaysian Bar raise public awareness of the importance of the Malaysian Constitution to members of the public through public engagements, forums and teaching assignments.

Mr. Leong Yeng Kong is the brother of Mr. Leong Yeng Kit, Dr. Leong Yeng Weng and Ms. Leong Poh Chih, and is the brother-in-law of Dr. Orakij.

Ms. Leong Poh Chih ("Ms. Leong"), aged 39, graduated with Bachelor of Engineering (Hons.) (Electronics) from Multimedia University in 2002. She worked at Infineon Technologies as an SMT Engineer while studying for Master of Business Administration (M.B.A.) from Multimedia University and graduating in 2009. She is actively involved in various property investment groups and shares her insight on various magazines in Malaysia including Focus Malaysia, Property Insight, and Personal Money. She co-founded and is currently working at ICONIX Property & Asset Management Sdn Bhd which focuses on Rent Management for Investors, while pursuing the Real Estate Agency License (R.E.A).

Ms. Leong is the sister of Mr. Leong Yeng Kit, Mr. Leong Yeng Kong and Dr. Leong Yeng Weng, and is the sister-in-law of Dr. Orakij.

Dr. Leong Yeng Weng ("Dr. Leong YW"), aged 37, attained his bachelors in Electrical and Electronics Engineering from University Tenaga Nasional, Malaysia in 2005, his Masters in Electrical Engineering in 2009 in the same University and in 2015 his PhD in engineering from Kanazawa University, Japan. He was a product engineer in Hitachi Electronic Products (M) Sdn. Bhd. from 2005–2007. He is working as a senior lecturer at University Tenaga Nasional. He is a member of Institute of Engineering and Technology (IET) since 2010, a corporate member of Institute of Engineers Malaysia (IEM) since 2018 and a Registered Professional Engineer in Malaysia since 2019.

Dr. Leong YW is the spouse of Dr. Orakij and the brother of Mr. Leong Yeng Kit, Leong Yeng Kong and Ms. Leong.

Dr. Walaiporn Orakij ("Dr. Orakij"), aged 35, is an expert in air quality, air monitoring and health risk assessment. She graduated from Naresuan University, Thailand in 2008 with a degree of Bachelors is in Biology Science. Four years later, she received her master's degree in Environmental Science from Chiang Mai University, Thailand with a scholarship from Center of Excellence on Environmental Health, Toxicology and Management of Chemicals. She is also a recipient of the scholarship from Japan's Ministry of Education, Culture, Sports Science and Technology for her PhD studies in Kanazawa University, Japan.

After her graduation in 2017, she served as a coordinator in CU-NUT Gigaku Techno Park Office, Chulalongkorn University, Thailand from 2017–2018 requiring her to coordinate between academia, industry in different countries. She is a member of Old Japan Students' Association, Kingdom of Thailand, Northern Branch (OJSATN) since 2017 and an Associate of The Institution of Engineering and Technology (IET) since 2019.

Dr. Orakij is the spouse of Dr. Leong YW and the sister-in-law of Mr. Leong Yeng Kit, Leong Yeng Kong and Ms. Leong.

Ms. Durgadewi Yoganathan ("Ms. Yoganathan"), aged 26, completed her law degree at Multimedia University, Melaka and graduated in 2017. She was called to the Malaysian Bar in 2018. She is also a current practicing lawyer in Messrs Leong Yeng Kit & Co, a legal firm in Malaysia which is founded and managed by Mr. Leong Yeng Kit. She is primarily involved in commercial law, conveyancing, tenancy matters and other commercial matters.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Yvonne Low Win Kum ("Ms. Low"), aged 32, is a qualified barrister and solicitor in Malaysia and has graduated from Cardiff University. She started her career in legal practice with Azmi & Associates in 2010. Ms. Low specialized in corporate and commercial transactions, private mergers and acquisitions, as well as the regulatory compliance related to real estate matters.

She advises project promoters, concessionaires, land developers and investors on structuring the development, construction and financing of real estate in Malaysia. During her legal practice, she regularly acts for domestic and foreign investors, government-linked and public-listed companies, in real estate matters.

Ms. Low joined F3 Capital Group in 2014 as the Head of Legal and Corporate Affairs with complete responsibility for defining organizational culture, developing strategic plans.

Since 2018 and up to the date of this requisition notice, Ms. Low served as the Corporate Partner in Messrs. Ling & Theng Book.

Mr. Gan Cheng Khuan ("Mr. Gan"), aged 58, graduated from the University of London, England with an Honors Degree and was called to the English Bar in July 1990. Upon his return to Malaysia, he was admitted to the Malaysian Bar on the 2nd August 1991.

Mr. Gan commenced his legal career as a legal Assistant with Messrs. Wan, Haron Shukri & Nordin and remained there for three (3) years after which he worked for one (1) year with Messrs. Chung, Huang & Khalid. He then commenced his own practice under the name of Messrs. Tee & Gan until June 2000. In year 2001, Mr. Gan commenced as a Partner with Messrs. Soraya Chuah & Associates until 15 August 2011.

Mr. Tan Eng Wah ("Mr. Tan"), aged 60, holds a BSc (Hons) from University of Manchester Institute of Science and Technology, United Kingdom and an MBA from Cranfield School of Management, UK. He was also a Member of the Chartered Institute of Building, UK.

He has had more than 36 years of experience in the property industry, of which more than 21 years was spent in the renowned Malaysian property company, Tan & Tan Developments Berhad, a subsidiary of IGB Berhad which is listed on Bursa Malaysia (stock code: 5606), with property experiences from places like Vietnam, China, Australia besides Malaysia and Singapore and property types ranging from homesteads, condominiums, affordable homes, offices, hotels and hotel apartments to hospitals.

Since his retirement, he has been involved in social enterprises both investment and advisory, investments in IT; mobile solution; besides properties.

Mr. Chiu King Yan ("Mr. Chiu"), aged 43, has over 20 years of experience in audit, accounting, private equity investment and corporate finance, obtained from his previous working experience in international accounting firms and various listed companies in Hong Kong.

Mr. Chiu is an executive director of Summit Ascent Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 102), since 26 April 2019, and was an executive director of Wanjia Group Holdings Limited (stock code: 401), a company listed on the Main Board of the Stock Exchange, from March 2017 to February 2018. He is currently the Chief Financial Officer of Suncity Group Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 1383), and is responsible for financial reporting and corporate finance matters.

Mr. Chiu holds a master's degree in financial analysis from The Hong Kong University of Science and Technology and a bachelor's degree in business administration in Accountancy from The City University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom.

SENIOR MANAGEMENT

Mr. Lee Cheong Yuen (李昌源) ("Mr. Lee"), aged 52, is the director of ICO Limited. Mr. Lee is primarily responsible for overseeing the business development, in-house operations, overall strategic planning, devising market strategies and business expansion plans of ICO Limited. In the past years, he led ICO Limited to successfully complete several large-scale IT application and solution development projects for major clients in the public sector, private sector, banking and finance sector and logistics sector. Mr. Lee obtained a degree of bachelor of science in computer studies from The University of Hong Kong ("**HKU**") in December 1989. He has over 30 years of experience in the IT industry. Mr. Lee is also one of the controlling shareholders of the Company, he was removed as director of the Group on 22 April 2020.

Mr. Chan Kwok Pui (陳國培) ("Mr. Chan"), aged 63, is the director of ICO Limited. Mr. Chan is primarily responsible for overseeing the business development, in-house operations, overall strategic planning, devising market strategies and business expansion plans of ICO Limited. Mr. Chan obtained a degree of bachelor of science in computer studies from HKU in December 1989. Mr. Chan has over 30 years of experience in the IT industry. Mr. Chan was a computer officer at HKU from August 1992 to August 1995. He then joined the Group in 1995. Mr. Chan is also one of the controlling shareholders of the Company, he was removed as director of the Group on 22 April 2020.

Mr. Tam Kwok Wah (譚國華) ("Mr. Tam"), aged 70, is the director of ICO Limited and is responsible for advising on business opportunities for investment, development and expansion of ICO Limited as well as providing extra advisory services to ICO Limited with a focus on business development on both local and overseas market. Mr. Tam obtained a degree of bachelor of social sciences from HKU in November 1975. He further received a master degree of science from The University of Manchester in the United Kingdom in December 1982. Mr. Tam was an assistant professor of HKU's business school, which was the last position he held at HKU from January 1985 to June 2004. Mr. Tam is also one of the controlling shareholders of the Company, he was removed as director of the Group on 22 April 2020.

Mr. Leung Man Lun Walter (梁萬倫) ("Mr. Walter Leung"), aged 58, is the managing director of ICO Technology Limited. He joined the Group in 2006 and is responsible for the overall management of ICO Technology Limited including strategic planning and sales and marketing in Hong Kong. Mr. Walter Leung has over 30 years of experience in the IT industry including data processing, programming, customer support strategic planning, sales and marketing and management of daily operations.

Mr. Ho Chak Keung (何澤強) ("Mr. Ho"), aged 51, is the general manager of ICO Technology Limited. He joined the Group in 2006 and is responsible for coordinating daily operational functions and human resources of the business of ICO Technology Limited, he is also responsible for marketing strategy in Hong Kong including generating sales leads and building brand awareness of the Group. Mr. Ho obtained a degree of bachelor of science in computer systems engineering from the University of Kent in the United Kingdom. He has over 20 years of IT sales and marketing experience.

Mr. Ko Ka Hay Kenneth (高嘉禧) ("Mr. Kenneth Ko"), aged 56, is the general manager of ICO Technology Limited. He joined the Group in 2015 as director of strategic business and promoted to general manager in April 2019. Mr. Kenneth Ko is responsible for the supervision, performance, development, strategies of both sales and technical teams. Mr. Kenneth Ko obtained a degree of bachelor of economics from the National Taiwan University. He has over 30 years of experience in IT industry. Before joining the Group, Mr. Kenneth Ko was the managing director of a Japanese listed company and responsible for the management on both information technology division and data card technology division.

Mr. Chung Yat Ming (鍾日明) ("Mr. Chung"), aged 57, is the director of business development of ICO Technology Limited. He joined the Group in 2015 and is responsible for sales and marketing including leading one of the sales teams, assisting Mr. Kenneth Ko to acquire new products and identifying business opportunities. He has over 30 years of experience in IT industry. Before joining the company, Mr. Chung was the general manager of an international IT company for 12 years.

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of its subsidiaries are set out in note 17 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

A fair review of the Group's business, an indication of likely future development in the Group's business, an analysis using financial key indicators as required by Schedule 5 to the Hong Kong Companies Ordinance (Cap. 622) can be found in the "**Chairman Statement**" and "**Management Discussion and Analysis**" section, which forms part of this Report of Directors of this annual report.

KEY RISKS AND UNCERTAINTIES FACING BY THE GROUP

The followings are part of the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

The Group may encounter cost overruns or delays in the IT application and solution development projects, which may materially and adversely affect the Group's business, financial position and results of operation

The Group generally provides IT application and solution development services on a project basis. Some IT application and solution development projects are awarded through competitive tendering process. The Group has to estimate the time and costs needed for the implementation of these IT application and solution development projects in order to determine the quotations. There is no assurance that the actual time taken and costs incurred would not exceed the estimation. The Group expects to continue bidding on fixed-price contracts, the terms of which normally require the Group to complete a project for a fixed price, increasing the possibility of exposing the Group to cost overruns and resulting in lower profits or losses in a project.

The actual time taken and cost incurred by the Group in completing IT application and solution development projects may be affected by many factors, including technical difficulties, integration with third party vendors' products, and other unforeseeable problems and circumstances. Any one of these factors can cause delays in the completion of project or cost overruns.

Most of the IT application and solution development projects are subject to specific completion schedules and some of the customers are entitled to claim liquidated damages from the Group if the Group does not meet the schedules. Liquidated damages are typically levied at an agreed rate for each day or part of a day for such delay. Failure to meet the schedule requirements of the contracts may result in a significant number of liquidated damages claims, other contract liabilities and disputes with the customers or even the termination of relevant contracts. There is no guarantee that the Group would not encounter cost overruns or delays in the current and future IT application and solution development projects. Should such problems occur, the Group's business, financial position and results of operations of the Group would be materially and adversely affected.

The Group relies on contracts with its major customers

The Group relies on contracts with its major customers. Revenue for the Group's top five customers accounted for approximately 36% and 29% respectively of the Group's total revenue for the years ended 31 March 2019 and 2020. It is not assured that the Group can successfully expand its customer base and secure new customers given the competitiveness of the industry in which the Group operates. Reduction in demand for services or termination of the contract by the top five customers of the Group may cause material decrease in revenue which in turn may adversely affect the Group's business, financial condition and results of operation.

The Group's contracts are project basis which creates uncertainty on future revenue streams

The Group's IT application and solution development services are conducted on a project-by-project basis which is not recurring in nature. The Group's customers may subsequently engage the Group in enhancement works or conducting upgrades for the systems developed by the Group in previous projects. The customers may also engage the Group to develop new IT systems after the retirement of outdated systems. However, there is no assurance that the customers will continue to provide the Group with new businesses after completion of the Group's projects.

After the completion of IT application and solution development projects, the Group usually provides maintenance and support services to the customers under separate agreements. The Group cannot guarantee that these maintenance and support service agreements will be renewed in the future nor can the Group guarantees that it shall be able to enter into new agreements with the customers.

The contracts are project basis which creates uncertainty on future revenue streams. In the event that the Group is unable to renew the existing agreements or secure new engagements with customers or customers substantially reduce their purchase orders, the Group's business and future revenue will likely be adversely affected.

Risks relating to the Group's investments

During FY 2020 and up to the date of this report, there are several significant investments which the Group entered agreements to acquire 15% equity interest of INAX, 40% equity interest of PointSoft and entire equity interest of O2O Limited (Project CKB).

Shall the value of these investments drop in the future mode or the performance of these investments are not as good as expected, impairment of these investments may result which will lead to deterioration of the Group's financial results and financial position.

Furthermore, as Project CKB is situated in Malaysia, unfavourable change in foreign exchange rate may also lead to deterioration of the Group's financial results and financial position.

ENVIRONMENTAL POLICIES AND PERFORMANCE

A discussion on the environmental policies and performance of the Group can be found in the "**Environmental, Social and Governance Report**" section, which forms part of this Report of Directors of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

RESULTS AND APPROPRIATIONS

The results of the Group for the years ended 31 March 2020 and 2019 are set out in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income on pages 65 to 66 of this annual report.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2020 (2019: Nil).

The Company is not aware of any arrangements under which a shareholder has waived or agreed to waive any dividends.

FINANCIAL SUMMARY

The summary of the results and of the assets and liabilities of the Group is set out on page 154 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements during the years ended 31 March 2020 and 2019 in property, plant and equipment of the Group are set out in note 12 to the consolidated financial statements in this annual report.

BORROWINGS

Particulars of borrowings as at 31 March 2020 and 2019 are set out in note 23 to the consolidated financial statements in this annual report.

SHARE CAPITAL

Details of the movements during the years ended 31 March 2020 and 2019 in the share capital of the Company are set out in note 29 to the consolidated financial statements in this annual report.

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 years ended 31 March 2020 and 2019.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 March 2020, the Company's reserves available for distribution to the shareholders, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands amounted to approximately HK$307.1 million (2019: approximately HK$217.2 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the years ended 31 March 2020 and 2019, sales to the Group's five largest customers accounted for approximately 29% and 36% respectively of the total sales for the year and sales to the largest customer included therein amounted to approximately 9% and 23% respectively. For the years ended 31 March 2020 and 2019, purchases from the Group's five largest suppliers accounted for approximately 61% and 50% respectively of the total cost of sales for the year and purchase from the largest supplier included therein amounted to approximately 18% and 15% respectively.

At no time during the years ended 31 March 2020 and 2019 have the Directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or their associates (which to the knowledge of the Directors own more than 5% of the Company's issued shares) had any interest in these major customers and suppliers.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group's success depends on the support from key stakeholders which comprise employees, customers and suppliers.

Employees

Employees are regarded as the most important and valuable assets of the Group. The Group is committed to provide its employees with a safe and healthy workplace and encourage them to have a work-life balance. The Group also ensures all employees are reasonably remunerated and regular trainings are provided for its technical staff. During the years ended 31 March 2020 and 2019, the Group has not experienced any significant problems with its employees nor has experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains good relationship with its employees.

Customers

The Group has a diversified customer base with hundreds of customers across various industries, including government and statutory bodies, financial institutions and general business enterprises. The Group stays connected with its customers through various channels to obtain their feedback and suggestions. During the years ended 31 March 2020 and 2019, the Group does not have any significant disputes with its customers and maintained good relationship with them.

Suppliers

The Group carefully selects its suppliers as the success of the Group depends on the quality of products and services obtained from them. During the years ended 31 March 2020 and 2019, the Group does not have any significant disputes with its suppliers and maintained good relationship with them.

SHARE OPTION SCHEME

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**"). Summary of the Scheme as set out below:

(1) Purpose of the Scheme

The purpose of the Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group, in particular, (i) to motivate and optimize their performance and efficiency of the Group; and (ii) to attract and retain or maintain ongoing business relationships with those have or will have contributions to the Group.

(2) Participants

The Board may, subject to and in accordance with the provisions of the Scheme and the Listing Rules, at their absolute discretion, invite full-time or part-time employees of the Group and any Directors, advisers, consultants, suppliers, customers and agent of the Group, who have contributed or will contribute to the Group to take up options to subscribe for such number of shares at the subscription price determined by the Board.

(3) Maximum number of shares available for subscription

(i) The maximum number of shares which may be issued upon exercise of all options to be granted at any time under the Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the relevant class of the shares in issue as at the date when the Scheme was approved and adopted by the shareholders (the "**Scheme Mandate Limit**"). Options lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

(ii) The Company may seek approval by its shareholders in general meeting for "refreshing" the Scheme Mandate Limit under the Scheme. However, the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Company under the limit as "refreshed" must not exceed 10% of the relevant class of the shares in issue as at the date of passing the relevant resolution to refresh such limit. Options previously granted under the Scheme and any other schemes (including those outstanding, cancelled, lapsed in accordance with the Scheme or any other schemes or exercised options) will not be counted for the purpose of calculating the Scheme Mandate Limit as "refreshed".

(iii) The Company may seek separate approval by its shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided the options in excess of the Scheme Mandate Limit are granted only to participants specifically identified by the Company before such approval is sought. The Company must send a circular to the shareholders containing a generic description of the specified participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose, the information and the disclaimer required under the Listing Rules.

(iv) The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the relevant class of the shares in issue from time to time. No options may be granted under the Scheme or any other schemes of the Company if this will result in this limit being exceeded.

(4) Maximum entitlement of each participant

(i) Unless approved by the shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the relevant class of the shares in issue.

(ii) The Company may grant further options in excess of such limit subject to the approval of the shareholders in general meeting with such participant and his associates abstaining from voting (or his associates if the participant is a core connected person abstaining from voting).

(iii) The Company shall send a circular to the shareholders and the circular must disclose the identity of the participant, the numbers and terms of the options to be granted (and options previously granted to such participant), the information and the disclaimer required under the Listing Rules. The number and terms (including the subscription price) of options to be granted to such participant must be fixed before shareholders' approval and the date of Board meeting proposing such further grant will be taken as the offer date for the purpose of calculating the subscription price.

(5) Option Period

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee and such period shall not exceed the period of ten (10) years from the offer date.

(6) No performance target and minimum period to hold

Unless otherwise specified by the Board, a grantee is not required to achieve any performance target or to hold an option for a minimum period from the date of grant before any option granted under the Scheme can be exercised.

(7) Amount payable on acceptance of the option and the period within which payments must be made

(i) An offer of the grant of an option shall be made to participants by letter in such form as the Board may from time to time determine and shall remain open for acceptance by the participant concerned for a period of 28 days from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the Scheme.

(ii) A non-refundable nominal consideration of HK$1.00 is payable by the grantee upon acceptance of an option. An option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the option duly signed by the participant together with the said consideration of HK$1.00 is received by the Company.

(8) Subscription price

The subscription price shall be determined by the Board in its absolute discretion but in any event shall be not less than the higher of (i) the closing price of the shares on the Stock Exchange (as stated in the Stock Exchange's daily quotations sheet) on the offer date, which must be a business day; (ii) the average closing price of the shares on the Stock Exchange (as stated in the Stock Exchange's daily quotations sheets) for the five (5) business days immediately preceding the offer date; and (iii) the nominal value of the shares.

(9) The remaining life of the Scheme

The Scheme will remain in force for a period of ten (10) years after the Adoption Date, i.e. 12 August 2016.

No options were granted since the Adoption Date and up to the date of this report, 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 when the Scheme was approved and adopted by the shareholders). For further details of the Scheme, please refer to the Company's circular dated 27 June 2016.

DIRECTORS

The Directors during the year and up to the date of this report were as follows:

Executive Directors

Mr. Leong Yeng Kit *(Chairman) (Appointed on 22 April 2020, as Chairman on 23 April 2020)*
Ms. Lee Pei Ling *(Appointed on 22 April 2020)*
Mr. Lee Cheong Yuen *(Removed on 22 April 2020)*
Mr. Chan Kwok Pui *(Removed on 22 April 2020)*
Mr. Tam Wing Yuen *(Appointed on 11 October 2019 and removed on 22 April 2020)*

Non-executive Directors

Mr. Leong Yeng Kong *(Appointed on 22 April 2020)*
Ms. Leong Poh Chih *(Appointed on 22 April 2020)*
Mr. Leong Yeng Weng *(Appointed on 22 April 2020)*
Ms. Walaiporn Orakij *(Appointed on 22 April 2020)*
Ms. Durgadewi Yoganathan *(Appointed on 22 April 2020)*
Mr. Tam Kwok Wah *(Removed on 22 April 2020)*
Ms. Tuon Wai Man *(Removed on 22 April 2020)*
Mr. Tso Hon Sai Bosco *(Appointed on 11 October 2019 and removed on 22 April 2020)*

Independent Non-executive Directors

Mr. Tan Eng Wah *(Appointed on 22 April 2020)*
Mr. Gan Cheng Khuan *(Appointed on 22 April 2020)*
Ms. Yvonne Low Win Kum *(Appointed on 22 April 2020)*
Mr. Chiu King Yan *(Appointed on 22 April 2020)*
Dr. Cheung Siu Nang Bruce *(Removed on 22 April 2020)*
Ms. Kam Man Yi Margaret *(Removed on 22 April 2020)*
Mr. Ko Sebastian Yat Fung *(Appointed on 30 August 2019 and removed on 22 April 2020)*
Mr. Fong Sing Chak Jack *(Resigned on 30 August 2019)*

Pursuant to Article 112 of the Articles, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Directors so appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 108 of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement at least once every three years.

Mr. Lee Cheong Yuan, Mr. Chan Kwok Pui and Mr. Tam Wing Yuen were removed as Executive Directors of the Company with effect from 22 April 2020. For details, please refer to the announcement of the Company dated 22 April 2020.

Mr. Tam Kwok Wah, Ms. Tuon Wai Man and Mr. Tso Hon Sai Bosco were removed as Non-Executive Directors of the Company with effect from 22 April 2020. For details, please refer to the announcement of the Company dated 22 April 2020.

Dr. Cheung Siu Nang Bruce, Mr. Ko Sebastian Yat Fung and Ms. Kam Man Yi Margaret were removed as Independent Non-Executive Directors of the Company with effect from 22 April 2020. For details, please refer to the announcement of the Company dated 22 April 2020.

Mr. Fong Sing Chak Jack has resigned as Independent Non-executive Director for the reason that devote more time for pursuing his other business commitments. For details, please refer to the announcements of the Company dated 26 July 2019 and 30 August 2019.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of the Directors of the Group are set out on pages from 41 to 45 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors, Non-executive Directors and Independent Non-executive Directors has entered into a service agreement with the Company for an initial or renewed term of three years and will continue thereafter until terminated in accordance with the terms of the agreement.

Save as disclosed above, none of the Directors has entered into any service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation other than the statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No other transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or his or her connected entities had a material interest, whether directly or indirectly, subsisted at the end or at any time during the years ended 31 March 2020 and 2019.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in notes 9 and 10 to the consolidated financial statements in this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the years ended 31 March 2020 and 2019.

EMOLUMENT POLICY

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of the Group.

MANDATORY PROVIDENT FUND RETIREMENT BENEFIT SCHEME

The Group operates a defined contribution mandatory provident fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,500 and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,500. Contributions to the MPF Scheme vest immediately. The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65, death or total incapacity.

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 years ended 31 March 2020 and 2019.

NON-COMPETITION UNDERTAKINGS

Each of the controlling shareholders of the Company has undertaken to the Company in the deed of non-competition (the "**Deed of Non-Competition**") that it/he will not, and will procure its/his associates (other than members of our Group) not to directly or indirectly be involved in or undertake any business that directly or indirectly competes, or may compete, with the Group's business or undertaking, or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by the Group from time to time except where the controlling shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of the Group.

For the years ended 31 March 2020 and 2019, the Company received an annual written confirmation from each controlling shareholder of the Company in respect of its/his and its/his associates' compliance with the Deed of Non-Competition. The independent non- executive Directors have also reviewed and were satisfied that each of the controlling shareholders of the Company had complied with the Deed of Non-Competition.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 March 2020, the interests or short positions of the Directors and chief executives of the Company in the shares of the Company (the "**Shares**"), underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Capacity and nature of interests	Number of Shares held	Approximate percentage to the issued capital of the Company
Mr. Lee (Notes 2 and 3)	Beneficial owner; interest held jointly with another person; interest of a controlled corporation	1,718,948,000 (L) (Note 1)	27.61%
Mr. Chan (Notes 2 and 4)	Interest held jointly with another person; interest of a controlled corporation	1,718,948,000 (L) (Note 1)	27.61%
Mr. Tam (Notes 2 and 5)	Interest held jointly with another person; interest of a controlled corporation	1,718,948,000 (L) (Note 1)	27.61%
Ms. Tuon (Note 6)	Beneficial owner; interest in spouse	49,604,000 (L) (Note 1)	0.80%

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.

2. On 27 February 2015, the ultimate controlling shareholders of the Company, namely, Mr. Lee, Mr. Chan, Mr. Yong Man Kin ("**Mr. Yong**") and Mr. Tam ("**Controlling Shareholders**"), entered into the confirmation deed to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of the Group. As such, the Controlling Shareholders together are deemed to have controlling interest in the share capital of the Company through BIZ Cloud Limited, Cloud Gear Limited, Friends True Limited and Imagine Cloud Limited.

3. Shares in which Mr. Lee is interested consist of (i) 1,792,000 Shares held by Mr. Lee; (ii) 1,170,000,000 Shares held by BIZ Cloud Limited, a company wholly-owned by Mr. Lee; and (iii) 547,156,000 Shares in which Mr. Lee is deemed to be interested as a result of being a party acting-in-concert with Mr. Chan, Mr. Yong and Mr. Tam.

4. Shares in which Mr. Chan is interested consist of (i) 110,000,000 Shares held by Cloud Gear Limited, a company wholly-owned by Mr. Chan; and (ii) 1,608,948,000 Shares in which Mr. Chan is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee, Mr. Yong and Mr. Tam.

5. Shares in which Mr. Tam is interested consist of (i) 125,000,000 Shares held by Imagine Cloud Limited, a company wholly-owned by Mr. Tam; and (ii) 1,593,948,000 Shares in which Mr. Tam is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee, Mr. Yong and Mr. Chan.

6. Shares in which Ms. Tuon is interested consist of (i) 49,284,000 Shares held by Ms. Tuon, and (ii) 320,000 Shares held by Mr. Tsoi Pak Ho, the spouse of Ms. Tuon.

7. As at 31 March 2020, the Company's issued ordinary share capital was HK$15,563,483 divided into 6,225,393,129 of HK$0.0025 each.

Save as disclosed above, as at 31 March 2020, none of the Directors and chief executive of the Company had any other interests or short positions in any Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the years ended 31 March 2020 and 2019 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2020, the following parties held interests or short positions (directly or indirectly) in the Company's Shares or underlying Shares were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity and nature of interests	Number of Shares held	Number of underlying Shares held	Aggregate long position in Shares/ underlying Shares	Approximate percentage to the issued capital of the Company
Mr. Lee (Notes 2 and 3)	Beneficial owner; interest held jointly with another person; interest of a controlled corporation	1,718,948,000 (L) (Note 1)	–	1,718,948,000 (L) (Note 1)	27.61%
BIZ Cloud Limited (Notes 2 and 3)	Beneficial owner	1,717,156,000 (L) (Note 1)	–	1,717,156,000 (L) (Note 1)	27.58%
Ms. Saetia Ladda (Note 4)	Interest in spouse	1,718,948,000 (L) (Note 1)	–	1,718,948,000 (L) (Note 1)	27.61%
Mr. Chan (Notes 2 and 5)	Interest held jointly with another person; interest of a controlled corporation	1,718,948,000 (L) (Note 1)	–	1,718,948,000 (L) (Note 1)	27.61%
Cloud Gear Limited (Notes 2 and 5)	Beneficial owner	1,717,156,000 (L) (Note 1)	–	1,717,156,000 (L) (Note 1)	27.58%
Mr. Yong (Notes 2 and 6)	Interest held jointly with another person; interest of a controlled corporation	1,718,948,000 (L) (Note 1)	–	1,718,948,000 (L) (Note 1)	27.61%
Friends True Limited (Notes 2 and 6)	Beneficial owner	1,717,156,000 (L) (Note 1)	–	1,717,156,000 (L) (Note 1)	27.58%
Ms. Ma Kit Ling (Note 7)	Interest in spouse	1,718,948,000 (L) (Note 1)	–	1,718,948,000 (L) (Note 1)	27.61%
Mr. Tam (Notes 2 and 8)	Interest held jointly with another person; interest of a controlled corporation	1,718,948,000 (L) (Note 1)	–	1,718,948,000 (L) (Note 1)	27.61%
Imagine Cloud Limited (Notes 2 and 8)	Beneficial owner	1,717,156,000 (L) (Note 1)	–	1,717,156,000 (L) (Note 1)	27.58%
Titan Wise Group Limited (Note 9)	Beneficial owner	990,937,960 (L) (Note 1)	–	990,937,960 (L) (Note 1)	15.92%
Leong Yeng Kit ("**Mr. Leong**") (Note 9)	Interest of a controlled corporation	990,937,960 (L) (Note 1)	–	990,937,960 (L) (Note 1)	15.92%

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.

2. On 27 February 2015, the Controlling Shareholders, namely, Mr. Lee, Mr. Chan, Mr. Yong and Mr. Tam, entered into the confirmation deed to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of the Group. As such, the Controlling Shareholders together are deemed to have controlling interest in the share capital of the Company through BIZ Cloud Limited, Cloud Gear Limited, Friends True Limited and Imagine Cloud Limited.

3. Shares in which Mr. Lee is interested consist of (i) 1,792,000 Shares held by Mr. Lee; (ii) 1,170,000,000 Shares held by BIZ Cloud Limited, a company wholly-owned by Mr. Lee; and (iii) 547,156,000 Shares in which Mr. Lee is deemed to be interested as a result of being a party acting-in-concert with Mr. Chan, Mr. Yong and Mr. Tam.

4. Ms. Saetia Ladda is the spouse of Mr. Lee. Under the SFO, Ms. Saetia Ladda is deemed to be interested in the same number of Shares in which Mr. Lee is interested.

5. Shares in which Mr. Chan is interested consist of (i) 110,000,000 Shares held by Cloud Gear Limited, a company wholly-owned by Mr. Chan; and (ii) 1,608,948,000 Shares in which Mr. Chan is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee, Mr. Yong and Mr. Tam.

6. Shares in which Mr. Yong is interested consist of (i) 312,156,000 Shares held by Friends True Limited, a company wholly-owned by Mr. Yong; and (ii) 1,406,792,000 Shares in which Mr. Yong is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee, Mr. Chan and Mr. Tam.

7. Ms. Ma Kit Ling is the spouse of Mr. Yong. Under the SFO, Ms. Ma Kit Ling is deemed to be interested in the Shares in which Mr. Yong is interested.

8. Shares in which Mr. Tam is interested consist of (i) 125,000,000 Shares held by Imagine Cloud Limited, a company wholly-owned by Mr. Tam; and (ii) 1,593,948,000 Shares in which Mr. Tam is deemed to be interested as a result of being a party acting-in-concert with Mr. Lee, Mr. Yong and Mr. Chan.

9. Shares in which Mr. Leong is interested consist of 990,937,960 Shares held by Titan Wise Group Limited, a company wholly-owned by Mr. Leong.

10. As at 31 March 2020, the Company's issued ordinary share capital was HK$15,563,483 divided into 6,225,393,129 of HK$0.0025 each.

Save as disclosed above, the Directors were not aware of any other persons, other than the Directors or the chief executive of the Company who held an interest or short positions in the Shares and underlying Shares of the Company as at 31 March 2020 which required to be recorded pursuant to Section 336 of SFO.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the years ended 31 March 2020 and 2019 are set out in note 35 to the consolidated financial statements. None of these related party transactions constitute connected transactions or continuing connected transactions as defined under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holding of the Company's listed securities.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the share option scheme and the acquisition of 40% equity interest of PointSoft and Project CKB, no equity-linked agreements were entered into during the year ended 31 March 2020 and up to the date of this report or subsisted as at 31 March 2020 and as at the date of this report.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the reporting period. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors.

EVENTS AFTER THE REPORTING PERIOD

On 2 June 2020, the Group completed the acquisition of the entire issued capital of O2O Limited. For details, please refer to Project CKB Announcements and Circular.

Saved as disclosed above, there are no significant events after the reporting period of the Group up to the date of this annual report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2020 have been audited by Crowe (HK) CPA Limited.

Crowe (HK) CPA Limited will retire, and being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

The Audit Committee currently consists of three Independent Non-executive Directors namely Mr. Chiu King Yan (Chairman of the Audit Committee), Mr. Tan Eng Wah, Mr. Gan Cheng Khuan and Ms. Yvonne Low Win Kum. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters, including review of the audited consolidated financial statements of the Group for the year ended 31 March 2020.

There have been no change in auditors of the Company in any of the preceding three years.

By order of the Board
Leong Yeng Kit
Chairman and Executive Director

Hong Kong, 30 June 2020

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ICO GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of ICO Group Limited ("the Company") and its subsidiaries ("the Group") set out on pages 65 to 153, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of trade receivables and contract assets

Refer to notes 3(c), 18, 19 and 30(a) to the consolidated financial statements and the accounting policies in note 2(j)(i) to the consolidated financial statements

The Key Audit Matter

The Group's operations gave rise to significant trade receivables and contract assets at the end of the reporting period. Given the size of the balances and the risk that some of the trade receivables and contract assets may not be recoverable, judgement is required to evaluate whether any allowance should be made to reflect the risk.

As at 31 March 2020, the Group's gross trade receivables and contract assets amounted to approximately HK$166,314,000 and HK$28,157,000 respectively, against which impairment of HK$543,000 and HK$147,000 were provided respectively.

Loss allowance for trade receivables and contract assets is based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement.

We identified assessing the recoverability of trade receivables and contract assets as a key audit matter because the assessment of the recoverability of trade receivables and contract assets and recognition of loss allowance are inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.

How the matter was addressed in our audit

Our audit procedures to assess the recoverability of trade receivables and contract assets included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to credit control, debt collection assessing the expected credit loss of trade receivables and contract assets, and recognising the impairment loss for doubtful debts;
- comparing, on a sample basis, the categorisation of trade receivables and contract assets in the ageing report with invoices issued, contract terms, contract progress reports and other relevant underlying documentation;
- assessing the reasonableness of managements loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances; and
- inspecting cash receipts, on a sample basis, from customers subsequent to the end of the reporting period relating to trade receivables as at 31 March 2020.

Impairment assessment of deposits for acquisition of subsidiaries

Refer to notes 3(h) and 19(d) to the consolidated financial statements and the accounting policy in note 2(j)(iii) to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in our audit
At 31 March 2020, the gross amount of deposits for acquisition of subsidiaries (the "Target Group") amounted to approximately HK$245,566,000 was significant to the Group. The deposits comprised of cash payment of RM4,500,000 (equivalent to approximately HK$8,659,000), convertible bonds issued by the Company measured at fair value at the date of issue of HK$218,092,000 which have been issued and converted and issued promissory note at the date of issue of HK$18,815,000. The acquisition takes the form of a share sale transaction where its underlying assets include shopping mall property (the "Property") in Malaysia and an online-to-offline trading platform (the "Electronic Platform") to be launched. The construction of the Property is completed during the year ended 31 March 2020. The acquisition of the Traget Group was completed on 2 June 2020 and the Electronic Platform will be required for further revision and development. Since the major asset of the Target Group is the Property, the directors assessed the impairment of deposits for acquisition of subsidiaries including with reference to the fair value of the Property located in Malaysia which was valued by an independent valuer and which involves significant judgements in the selection of valuation methodologies and determination of key valuation assumptions. Accordingly, we identified it as a key audit matter. During the year ended 31 March 2020, impairment loss of deposits for acquisition of subsidiaries of HK$43,336,000 was made. The carrying amount of deposits for acquisition of subsidiaries as at 31 March 2020 was approximately HK$202,230,000 after impairment.	Our audit procedures to assess the impairment of deposits for acquisition of subsidiaries included the followings: • assessing the valuation methodology used by the independent valuer to estimate the fair value of the Property, the major asset of the Target Group, located in Malaysia. We also review key assumptions and market data used by the management and the independent valuer; • evaluating the independent professional valuer's competence, capabilities and objectivity; and • assessing the accuracy and relevance of the input data provided by the management of the Company to independent valuer to supporting evidence.

Valuation of convertible bonds

Refer to notes 3(f) and 25 to the consolidated financial statements and the accounting policies in note 2(q) to the consolidated financial statements

The Key Audit Matter	How the matter was addressed in the audit
During the year ended 31 March 2020, the Company issued convertible bonds as part of the deposits for acquisition of subsidiaries in an aggregate principal amount of HK$106,580,525. The embedded derivative components of the convertible bonds are stated at fair value based on the valuation carried out by an independent professional valuer. The fair values of the convertible bonds and embedded derivatives which includes significant unobservable inputs and significant management estimates in the valuation was determined by the directors based on the valuation performed by an independent professional valuer.	Our audit procedures to assess the reasonableness of the valuation of convertible bonds include the following: • Evaluating the independent professional valuer's competence, capabilities and objectivity; • Obtaining an understanding of the management process for determining fair value of the convertible bonds and embedded derivatives; • Assessing whether the valuation methodology and the key assumptions used by the management and the independent professional valuer in estimating the fair values of the convertible bonds and embedded derivatives are appropriate; and • Comparing the input data to supporting evidences, such as market indicators and considering the reasonableness of the data adopted.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Poon Cheuk Ngai.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 30 June 2020

Poon Cheuk Ngai
Practising Certificate Number: P06711

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Revenue	4	**606,290**	595,467
Cost of sales		**(488,718)**	(498,062)
Gross profit		**117,572**	97,405
Other revenue	5	**626**	498
Other net gain/(loss)	6	**88**	(137)
General and administrative expenses		**(89,884)**	(64,155)
Impairment of trade receivables and contract assets	30(a)	**(690)**	–
Change in fair value of contingent consideration payable	24	**1,384**	21,492
Change in fair value of derivative component in convertible bonds	25	**(1,146)**	45,621
Gain on conversion of convertible bonds	25	**105,110**	1,276
Impairment of deposits for acquisition of subsidiaries	19(d)	**(43,336)**	–
Share of (loss)/profit of associates		**(782)**	542
Share of loss of joint ventures		**(811)**	(653)
Finance costs	7(a)	**(5,154)**	(4,971)
Profit before taxation	7	**82,977**	96,918
Income tax	8	**(5,686)**	(3,734)
Profit for the year		**77,291**	93,184
Attributable to:			
Equity shareholders of the Company		**70,086**	83,920
Non-controlling interests		**7,205**	9,264
Profit for the year		**77,291**	93,184
Earnings/(loss) per share	11		
Basic (HK cents per share)		**1.34**	1.85
Diluted (HK cents per share)		**(0.52)**	0.40

The notes on pages 72 to 153 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020 HK$'000	2019 HK$'000
Profit for the year	**77,291**	93,184
Other comprehensive loss for the year		
Items that will not be reclassified to profit or loss:		
Change in fair value of financial asset at fair value through other comprehensive income (non-recycling)	**(30,900)**	(33,909)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiary	**(72)**	(7)
Total comprehensive income for the year	**46,319**	59,268
Attributable to:		
Equity shareholders of the Company	**39,114**	50,004
Non-controlling interests	**7,205**	9,264
Total comprehensive income for the year	**46,319**	59,268

The notes on pages 72 to 153 form an integral part of these financial statements.

At 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	12	49,655	47,935
Intangible assets	13	316	140
Interests in associates	14	60,472	62,488
Interests in joint ventures	15	1,225	1,098
Other financial asset	16	6,900	37,800
Deposits for acquisition of subsidiaries	19(d)	202,230	117,602
		320,798	267,063
Current assets			
Trade and other receivables	19	175,257	175,856
Contract assets	18	28,010	4,483
Tax recoverable	28(a)	709	5,924
Pledged bank deposits	20	1,999	3,197
Time deposit	21(a)	1,198	–
Cash and cash equivalents	21(a)	45,366	52,980
		252,539	242,440
Current liabilities			
Trade and other payables	22	(88,906)	(82,760)
Contract liabilities	18	(11,125)	(10,489)
Bank loans	23	–	(7,591)
Contingent consideration payable	24	–	(10,715)
Derivative component in convertible bonds	25	–	(2,951)
Lease liabilities	26	(1,103)	–
Tax payable	28(a)	(547)	(2,177)
		(101,681)	(116,683)
Net current assets		150,858	125,757
Total assets less current liabilities		471,656	392,820
Non-current liabilities			
Liability component in convertible bonds	25	–	(52,773)
Lease liabilities	26	(2,740)	–
Promissory notes payable	27	(19,027)	–
Deferred tax liabilities	28(b)	(161)	(161)
		(21,928)	(52,934)
Net assets		449,728	339,886

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Capital and reserves			
Share capital	29(b)	15,562	11,741
Reserves		426,471	316,077
Total equity attributable to equity shareholders of the Company		442,033	327,818
Non-controlling interests		7,695	12,068
Total equity		449,728	339,886

The consolidated financial statements on pages 65 to 153 were approved and authorised for issue by the board of directors on 30 June 2020 and were signed on its behalf by:

Leong Yeng Kit
Chairman and Executive Director

Lee Pei Ling
Executive Director

The notes on pages 72 to 153 form an integral part of these financial statements.

For the year ended 31 March 2020

	Attributable to equity shareholders of the Company							
	Share capital HK$'000	Share premium HK$'000	Exchange reserve HK$'000	Fair value reserve (non-recycling) HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2018	10,546	115,779	(38)	–	79,623	205,910	5,989	211,899
Profit for the year	–	–	–	–	83,920	83,920	9,264	93,184
Other comprehensive income for the year								
– Change in fair value of financial asset at fair value through other comprehensive income (non-recycling)	–	–	–	(33,909)	–	(33,909)	–	(33,909)
– Exchange differences on translation of financial statements of overseas subsidiary	–	–	(7)	–	–	(7)	–	(7)
Total comprehensive income for the year	–	–	(7)	(33,909)	83,920	50,004	9,264	59,268
Shares issued for acquisition of an associate	431	30,675	–	–	–	31,106	–	31,106
Shares issued for settlement of contingent consideration payable in relation to acquisition of other financial asset	546	29,354	–	–	–	29,900	–	29,900
Shares issued upon conversion of convertible bonds	218	10,680	–	–	–	10,898	–	10,898
Interim dividend declared to non-controlling shareholders in respect of the current year	–	–	–	–	–	–	(3,185)	(3,185)
At 31 March 2019 and 1 April 2019	11,741	186,488	(45)	(33,909)	163,543	327,818	12,068	339,886
Profit for the year	–	–	–	–	70,086	70,086	7,205	77,291
Other comprehensive income for the year								
– Change in fair value of financial asset at fair value through other comprehensive income (non-recycling)	–	–	–	(30,900)	–	(30,900)	–	(30,900)
– Exchange differences on translation of financial statements of overseas subsidiary	–	–	(72)	–	–	(72)	–	(72)
Total comprehensive income for the year	–	–	(72)	(30,900)	70,086	39,114	7,205	46,319
Shares issued for settlement of contingent consideration payable in relation to acquisition of an associate	431	8,900	–	–	–	9,331	–	9,331
Shares issued upon conversion of convertible bonds	3,390	62,380	–	–	–	65,770	–	65,770
Interim dividend declared to non-controlling shareholders in respect of the current year	–	–	–	–	–	–	(11,578)	(11,578)
At 31 March 2020	15,562	257,768	(117)	(64,809)	233,629	442,033	7,695	449,728

The notes on pages 72 to 153 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Operating activities			
Profit before taxation		82,977	96,918
Adjustments for:			
Depreciation and amortisation		4,007	2,811
Loss on disposal of property, plant and equipment	7(c)	17	–
Change in fair value of contingent consideration payables	24	(1,384)	(21,492)
Bank interest income	5	(66)	(23)
Change in fair value of derivative component in convertible bonds	25	1,146	(45,621)
Gain on conversion of convertible bonds	25	(105,110)	(1,276)
Share of loss/(profit) of associates		782	(542)
Share of loss of joint ventures		811	653
Written off of trade receivables	7(c)	–	129
Impairment of trade receivables and contract assets	30(a)	690	–
Impairment of deposits for acquisition of subsidiaries	19(d)	43,336	–
Finance costs	7(a)	5,154	4,971
Net foreign exchange differences		(8)	(4)
		32,352	36,524
Changes in working capital:			
Increase in trade and other receivables		(61)	(55,012)
(Increase)/decrease in contract assets		(23,674)	25,899
Increase in trade and other payables		3,251	27,357
Increase in contract liabilities		636	3,042
Cash generated from operations		12,504	37,810
Income tax paid	28(a)	(8,196)	(1,762)
Income tax refunded	28(a)	6,095	–
Net cash generated from operating activities		10,403	36,048
Investing activities			
Payment for purchase of property, plant and equipment		(407)	(736)
Payment for purchase of intangible assets		(368)	–
Withdrawal of pledged bank and security deposits		1,198	–
Dividend received from an associate		6,000	–
Placement of time deposit		(1,198)	–
Investment in an associate		(4,829)	(1)
Advance to joint ventures		(938)	(1,751)
Interest received		66	23
Net cash used in investing activities		(476)	(2,465)
Financing activities			
Proceeds from bank loans	21(b)	–	36,640
Repayment of bank loans	21(b)	(7,591)	(51,949)
Interest on bank borrowings paid	21(b)	(44)	(395)
Dividend paid to non-controlling shareholders		(8,683)	(3,185)
Capital element of lease rentals paid	21(b)	(1,187)	–
Interest element of lease rentals paid	21(b)	(36)	–
Net cash used in financing activities		(17,541)	(18,889)
Net (decrease)/increase in cash and cash equivalents		(7,614)	14,694
Cash and cash equivalents at the beginning of the year		52,980	38,286
Cash and cash equivalents at the end of the year	21(a)	45,366	52,980

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets and lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Previously, cash payments under operating leases made by the Group as a lessee of HK$1,171,000 were classified as operating activities in the consolidated cash flow statement. Under HKFRS 16, except for short-term lease payments, payments for leases of low value assets and variable lease payments not included in the measurement of lease liabilities, all other rentals paid on leases are now split into capital element and interest element (see note 21(b)) and classified as financing cash outflows. Under the modified retrospective approach, the comparative information is not restated. Further details on the impact of the transition to HKFRS 16 are set out in note 2(c).

The notes on pages 72 to 153 form an integral part of these 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'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 Unit A, 25/F, TG Place, No. 10 Shing Yip Street, Kwun Tong, Kowloon, 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. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements 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"), 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 of Hong Kong Limited (the "Listing Rules"). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2020 comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in associates and joint ventures.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and the Group's presentation currency.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the following asset and liabilities are stated at their fair value as explained in the accounting policies set out below:

– Financial asset at fair value through other comprehensive income ("FVOCI") (non-recycling) (see note 2(i))

– Contingent consideration payable (see note 2(n)(ii))

– Derivative component in convertible bonds (see note 2(p))

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.

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the 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.

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether an entity controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the entity has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment as disclosed in note 12. For an explanation of how the Group applies lessee accounting, see note 2(h).

At the date of transition to HKFRS 16 (that is, 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for the determination of the present value of the remaining lease payments was 4.41%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, that is, where the lease term ends on or before 31 March 2020;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 March 2019 as an alternative to performing an impairment review.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

b. Lessee accounting and transitional impact (Continued)

The following table reconciles the operating lease commitments as disclosed in note 26 as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	1 April 2019 HK$'000
Operating lease commitments at 31 March 2019	1,341
Less: Total future interest expenses	(37)
Lease liabilities recognised at 1 April 2019	1,304

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 March 2019.

The following table summarises the impact of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 March 2019 HK$'000	Captialisation of operating lease contracts HK$'000	Carrying amount at 1 April 2019 HK$'000
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	47,935	1,421	49,356
Total non-current assets	267,063	1,421	268,484
Trade and other receivables	175,856	(117)	175,739
Current assets	242,440	(117)	242,323
Lease liabilities (current)	–	1,187	1,187
Current liabilities	116,683	1,187	117,870
Net current assets	125,757	(1,304)	124,453
Total assets less current liabilities	392,820	117	392,937
Lease liabilities (non-current)	–	117	117
Total non-current liabilities	52,934	117	53,051
Net assets	339,886	–	339,886

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

c. Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 April 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (see note 21(b)). These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in the presentation of cash flows within the consolidated statement of cash flows (see note 21(c)).

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result, segment results and cash flows for the year ended 31 March 2020, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2020 instead of HKFRS 16, and by comparing these hypothetical amounts for 2020 with the actual 2019 corresponding amounts which were prepared under HKAS 17.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

c. Impact on the financial result, segment results and cash flows of the Group (Continued)

	2020				2019
	Amounts reported under HKFRS 16 (A) HK$'000	Add back: HKFRS 16 depreciation and interest expense (B) HK$'000	Deduct: Estimated amounts related to operating leases as if under HKAS 17 (note 1) (C) HK$'000	Hypothetical amounts for 2020 as if under HKAS 17 (D=A+B+C) HK$'000	Compared to amounts reported for 2019 under HKAS 17 HK$'000
Financial result for the year ended 31 March 2020 impacted by the adoption of HKFRS 16:					
Finance costs	(5,154)	36	–	(5,118)	(4,971)
Profit before taxation	82,977	1,254	(1,289)	82,942	96,918
Profit for the year	77,291	1,254	(1,289)	77,256	93,184
Reportable segment gross profit for the year ended 31 March 2020 (note 4) impacted by the adoption of HKFRS 16:					
– IT application and solution development	18,140	–	–	18,140	13,379
– IT infrastructure solutions	49,826	–	–	49,826	43,990
– Secondment services	16,092	–	–	16,092	13,313
– Maintenance and support services	33,514	–	–	33,514	26,723

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

c. Impact on the financial result, segment results and cash flows of the Group (Continued)

	2020			2019
	Amounts reported under HKFRS 16 (A) HK$'000	Estimated amounts related to operating leases as if under HKAS 17 (note 1&2) (B) HK$'000	Hypothetical amounts for 2020 as if under HKAS 17 (C=A+B) HK$'000	Compared to amounts reported under for 2019 HKAS 17 HK$'000
Line items in the consolidated statement of cash flow for the year ended 31 March 2020 impacted by the adoption of HKFRS 16:				
Cash generated from operations	12,504	(1,223)	11,281	37,810
Net cash generated from operating activities	10,403	(1,223)	9,180	36,048
Capital element of lease rental paid	–	1,187	1,187	–
Interest element of lease rental paid	–	36	36	–
Net cash used in financing activities	(17,541)	1,223	(16,318)	(18,889)

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2020 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2020. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2020 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2020. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(n) or (o) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)(iii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(j)(iii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

On the acquisition of an interest in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or a joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(j)(iii)):

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property intern; and

- Other items of plant and equipment

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Leasehold land	Over the unexpired term of lease
– Buildings situated on leasehold land	Over the shorter of the unexpired term of lease and their estimated useful lives
– Leasehold improvements	5–10 years
– Computer equipment	4 years
– Furniture and other office equipment	4–5 years
– Motor vehicles	4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(w)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(j)(iii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(j)(iii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The acquired computer software with finite useful lives is amortised from the date they are available for use and their estimated useful lives of 4 years.

Both the period and method of amortisation are reviewed annually.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the entity has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

(A) Policy applicable from 1 April 2019

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where a lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(f) and 2(j)(iii)), except for the following types of right-of-use asset:

– right-of-use assets related to leasehold land and buildings where the Group is the registered owner of the leasehold interest are carried at fair value in accordance with note 2(f).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'other property, plant and equipment' and presents lease liabilities separately in the consolidated statement of financial position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leased assets (Continued)

As a lessee (Continued)

(B) Policy applicable prior to 1 April 2019

Leases which did not transfer substantially all the risks and rewards of ownership to the Group were classified as operating leases.

Where the Group had the use of assets held under operating leases, payments made under the leases were charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

(i) Other investment in equity security

The Group's policies for investment in equity security, other than investments in subsidiaries and associate, are set out below.

Investment in equity security is recognised/derecognised on the date the Group commits to purchase/sell the investment. The investment is initially stated at fair value plus directly attributable transaction costs, except for that investment measured at fair value recognized in profit and loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 30(f). This investment is subsequently accounted for as follows, depending on its classification.

Equity investment

An investment in equity security is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained profits. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other revenue.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, contract assets, time deposit and pledged bank deposits); and

– equity security measured at FVOCI (non-recycling).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (that is, the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets: effective interest rate determined at initial recognition or an approximation thereof; and

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in equity security that is measured at FVOCI (non-recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (non-recycling).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(u)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (that is, the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Credit losses and impairment of assets (Continued)

(ii) Credit losses from financial guarantee issued

Financial guarantees are contracts that require the issuer (that is, the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in "trade and other payables" in respect of the guarantees (that is, the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(j)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Credit losses and impairment of assets (Continued)

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired:

- property, plant and equipment including right-of-use assets;
- intangible assets;
- interests in associates;
- interests in joint ventures;
- deposits for acquisition of subsidiaries; and
- investments in subsidiaries in the Company's statement of financial position

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (that is, a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Credit losses and impairment of assets (Continued)

(iii) Impairment of other non-current assets (Continued)

– Reversal of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iv) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34 "Interim financial reporting", in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(j)(i), (ii) and (iii)).

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(u)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(j)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(l)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2(u)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(l)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables that are held for collection of contractual cash flows where those case flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at amortised cost and are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(j)(i)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(j)(i).

(n) Other financial liabilities

(i) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(ii) Contingent consideration

Share-settled contingent consideration arrangements are classified as financial liabilities where the number of shares to be issued in settlement varies. They are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(p) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(q) Convertible bonds

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is accounted for as derivative.

At the date of issue, both the debt component and derivative components (see note 2(p)) are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss. Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Convertible bonds (Continued)

If the bonds are converted, the shares issued are measured at fair value and any difference between the fair value of shares issued and the carrying amounts of the derivative and liability components are recognised in profit or loss. If the bonds are redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

(r) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the reporting period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the asset and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Revenue and other revenue

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

Further details of the Group's revenue and other revenue recognition policies are as follows:

(i) Revenue from IT application and solution development services

For stand-alone sale of IT application and solution development services or when goods are sold together with significant IT application and solution development services, the goods and services represent a single combined performance obligation over which control is considered to be transferred over time. This is because the combined product is unique to each customer (has no alternative use) and the Group has an enforceable right to payment for work completed to date if the contract is terminated by the customer or another party for reasons other than the Group's failure to perform as promised. Revenue for these performance obligations is recognised over time as the IT application and solution development work is performed, using the cost-to-cost method to estimate progress towards completion. As costs are generally incurred uniformly as work progresses and are considered to be proportionate to the Group's performance, the cost-to-cost method provides a faithful depiction of the transfer of goods and services to the customer.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue and other revenue (Continued)

(ii) Revenue from IT infrastructure solution services

For stand-alone sale of goods that are neither customised by the Group nor subject to IT services performed by the Group, revenue is recognised when the Group transfers control of the goods at the point in time when the customer takes undisputed delivery of the goods.

For stand-alone sales of IT infrastructure solution services or for sale of goods together with IT infrastructure solution services which are simple and could be performed by another party, such IT infrastructure solution service is accounted for as a separate performance obligation. Transaction price will be allocated to each performance obligation based on their stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. For sale of goods, revenue is recognised when the Group transfers control of the goods at the point in time when the customer takes undisputed delivery of the goods. For IT infrastructure solution services, revenue is recognised when customer acknowledged undisputed completion of milestones.

(iii) Revenue from secondment services

The Group enters into secondment contracts with its customers to second its staff or subcontractors at a contracted rate. Revenue is recognised over time based on the manpower utilised by customers.

(iv) Revenue from maintenance and support services

Revenue for maintenance and support services performed by third party suppliers of the goods sold on stand-alone basis or with simple IT infrastructure solution services is recognised when the Group completed the procurement for such maintenance and support services.

The Group also performs maintenance and support services itself or together with its subcontractors and enters into fixed price maintenance contracts with its customers. Customers are required to pay the service fee according to the due dates specified in each contract. Revenue is recognised over time based on the maintenance service period.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Marketing income

Revenue from such services are recognised when related services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. The statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the reporting date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management (that is, the chief operating decision maker ("CODM")), the board of directors, for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. ACCOUNTING JUDGEMENT AND ESTIMATES

Key sources of estimation uncertainty are as follows:

(a) Impairment for property, plant and equipment and intangible assets

If circumstances indicate that the carrying amounts of property, plant and equipment and intangible assets may not be recoverable, the assets may be considered impaired, and an impairment loss may be recognised to reduce the carrying amounts to the recoverable amount in accordance with the accounting policy for impairment of these assets as described in note 2(j)(iii). These assets are tested for impairment periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to the level of revenue and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and the amount of operating costs. Changes in these estimates could have a significant impact on the recoverable amount of the assets and could result in additional impairment charge or reversal of impairment in future periods, where applicable.

At 31 March 2020, the carrying amounts of property, plant and equipment and intangible assets of the Group are HK$49,655,000 (2019: HK$47,935,000) and HK$316,000 (2019: HK$140,000) respectively.

(b) Valuation of unlisted equity security measured at FVOCI

The Group assesses the fair value of unlisted equity security measured at FVOCI annually in accordance with HKFRS 9. Details of the approach are stated in the relevant accounting policies. The assessment requires an estimation for certain input. Future changes in financial performance and position of the entity would affect the fair value and cause the adjustments to its carrying amount.

At 31 March 2020, the carrying amount of unlisted equity security measured at FVOCI is HK$6,900,000 (2019: HK$37,800,000).

(c) Measurement of the expected credit loss allowance for trade and other receivables, and contract assets

The measurement of the expected credit loss allowance for trade and other receivables, and contract assets is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (the likelihood of debtors defaulting and the resulting losses). Further details are set out in note 30(a).

At 31 March 2020, the carrying amounts of trade and other receivables and contract assets are HK$175,257,000 (2019: HK$175,856,000) and HK$28,010,000 (2019: HK$4,483,000), respectively.

3. ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(d) Revenue recognition

As explained in notes 2(k) and 2(u)(i), revenue recognition on an incomplete project is dependent on management's estimation of the total outcome of the service contract, as well as the work done to date. Based on the Group's recent experience and the nature of the services activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the contract assets and contract liabilities as disclosed in note 18 will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total costs or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in the future periods as an adjustment to the amounts recorded to date.

The Group reviews and revises the estimates of contract revenue and contract costs prepared for each service contract as the contract progresses. Budgeted contract costs are prepared by the management based on their experiences. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted contract costs by comparing the budgeted amounts to the actual costs incurred.

Significant judgement is required in estimating the contract revenue and contract costs which may have an impact on the percentage of completion of the service contracts and the corresponding profit taken.

Management base their judgements of contract costs and revenues on the latest available information. In some cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. The impact of the changes in accounting estimates is then reflected in the ongoing results.

(e) Fair value of contingent consideration payable

The Group has accounted for the contingent consideration payable in the acquisition of an associate and equity security measured at FVOCI (non-recycling). The number of shares of the Company which would be issued as consideration of the acquisition is subject to the results of the acquired investee. The Group determines the provision to be made in respect of the contingent consideration based on the fair value of the shares of the Company at the date of acquisition and the directors' best estimate and weighted probability analysis of the future profit of the acquired investee. As the process requires input of subjective assumptions, any changes to the assumptions can materially affect the provision made. Subsequent gain or loss in fair value is recognised in profit or loss.

At 31 March 2020, the carrying amount of contingent consideration of the Group is HK$nil (2019: HK$10,715,000).

3. ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(f) Fair value of derivative component of convertible bonds

The directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative components of the convertible bonds, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Details of the assumptions used are disclosed in note 25.

At 31 March 2020, the carrying amount of derivative component of convertible bonds is HK$nil (2019: HK$2,951,000).

(g) Impairment assessment of interests in associates

Determining whether interests in associates are impaired requires an estimation of the recoverable amount of the associates. The recoverable amount is the greater of fair value less cost of disposal and value in use. The Group engaged external independent professional valuer in making this assessment. The Group is required to make many assumptions to make this assessment, including the cash flow to be generated, appropriate discount rate and etc. Changes in any of these assumptions could result in a material change to future estimate of the recoverable amount.

At 31 March 2020, the carrying amount of interests in associates is HK$60,472,000 (2019: HK$62,488,000).

(h) Impairment assessment of deposits for acquisition of subsidiaries

Determining whether the deposits for acquisition of subsidiaries are impaired requires an estimation of the recoverable amount. The recoverable amount is the greater of fair value less cost of disposal and value in use. The Group engaged external professional valuer in making this assessment. The Group is required to make many assumptions to make this assessment. Changes in any of these assumptions could result in a material change to future estimate of the recoverable amount.

At 31 March 2020, the carrying amount of deposits for acquisition of subsidiaries is HK$202,230,000 (2019: HK$117,602,000).

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:

	2020 HK$'000	2019 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
IT application and solution development	**49,733**	23,992
IT infrastructure solutions	**408,846**	427,008
Secondment services	**39,653**	46,083
Maintenance and support services	**108,058**	98,384
	606,290	595,467

4. REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (Continued)

Revenue from a customer arising from the provision of IT application and solution development services, IT infrastructure solutions and maintenance and support services amounting to HK$nil (2019: approximately HK$135,108,000) accounted for 10% or more of the Group's revenue for the year ended 31 March 2020.

(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 CODM, 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 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 CODM 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 revenue 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 amortisation, interest income and interest expenses is presented.

4. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

Disaggregate of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2020 and 2019 is set out below.

	Year ended 31 March 2020				
	IT application and solution development HK$'000	IT infrastructure solutions HK$'000	Secondment services HK$'000	Maintenance and support services HK$'000	Total HK$'000
Disaggregated by timing of revenue recognition					
– Point in time	–	408,846	–	39,486	448,332
– Over time	49,733	–	39,653	68,572	157,958
Revenue from external customers and reportable segment revenue	49,733	408,846	39,653	108,058	606,290
Reportable segment gross profit	18,140	49,826	16,092	33,514	117,572

	Year ended 31 March 2019				
	IT application and solution development HK$'000	IT infrastructure solutions HK$'000	Secondment services HK$'000	Maintenance and support services HK$'000	Total HK$'000
Disaggregated by timing of revenue recognition					
– Point in time	–	427,008	–	29,987	456,995
– Over time	23,992	–	46,083	68,397	138,472
Revenue from external customers and reportable segment revenue	23,992	427,008	46,083	98,384	595,467
Reportable segment gross profit	13,379	43,990	13,313	26,723	97,405

4. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(ii) Geographic information

Revenue form external customers

	2020 HK$'000	2019 HK$'000
Hong Kong (place of domicile)	606,290	595,467
The People's Republic of China (the "PRC")	–	–
Malaysia	–	–
	606,290	595,467

The geographic location of revenue from external customers is based on the location at which the services were rendered.

Non-current assets

	2020 HK$'000	2019 HK$'000
Hong Kong (place of domicile)	109,288	111,621
The People's Republic of China (the "PRC")	2,380	40
Malaysia	202,230	117,602
	313,898	229,263

The above table sets out the information about the geographical location of the Group's property, plant and equipment, intangible assets, interests in associates and joint ventures and deposits for acquisition of subsidiaries ("Specified non-current assets"). 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, the location of the operation to which they are allocated, in the case of intangible assets and deposits for acquisition of subsidiaries and the location of operation, in the case of interests in associates and joint ventures.

5. OTHER REVENUE

	2020 HK$'000	2019 HK$'000
Bank interest income*	66	23
Marketing income	501	474
Others	59	1
	626	498

* interest income on financial assets not at fair value through profit or loss

6. OTHER NET GAIN/(LOSS)

	2020 HK$'000	2019 HK$'000
Net foreign exchange gain/(loss)	88	(137)

7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2020 HK$'000	2019 HK$'000
Total interest expense on financial liabilities not at fair value through profit or loss:		
– Interest on bank loans (note 21(b))	44	395
– Interest on lease liabilities	36	–
Effective interest expenses of convertible bonds (note 25)	4,862	4,576
Effective interest expenses of promissory note	212	–
	5,154	4,971

(b) Staff costs (including directors' emoluments)

	2020 HK$'000	2019 HK$'000
Salaries, wages and other benefits	123,236	113,865
Contributions to defined contribution retirement plan	2,871	3,505
	126,107	117,370

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

7. PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

	2020 HK$'000	2019 HK$'000
Cost of hardware and software sold	356,761	375,599
Amortisation of intangible assets (note 13)	192	124
Depreciation of property, plant and equipment (note 12)		
– owned property, plant and equipment	2,597	2,687
– right-of-use asset*	1,218	–
Loss on disposal of property, plant and equipment	17	–
Auditors' remuneration		
– audit services	800	750
– other services	168	90
Written off of trade receivables	–	129

* The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 April 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 2(c).

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

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

	2020 HK$'000	2019 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	5,686	3,734

(i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year ended 31 March 2020, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime in Hong Kong.

For this subsidiary, the first HK$2 million of assessable profits is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated on the same basis in 2019.

The provision for Hong Kong Profits Tax for the year ended 31 March 2020 has taken into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2019–20 subject to a maximum reduction of HK$20,000 for each business (2019: a maximum reduction of HK$20,000 was granted for the year of assessment 2018–19 and was taken into account in calculating the provision for the year ended 31 March 2019).

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

(a) Income tax in the consolidated statement of profit or loss represents: (Continued)

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

(iii) A PRC subsidiary of the Group was qualified as "Small Low-profit Enterprise" in Guangdong and subject to a concessionary PRC Enterprise Income Tax rate. The Malaysia Corporate Tax standard rate is 24%.

No provision for PRC Enterprise Income Tax and Malaysia Corporate Tax have been made as the subsidiaries established in the PRC and Malaysia did not have assessable profits subject to PRC Enterprise Income Tax and Malaysia Corporate Tax respectively during the years ended 31 March 2020 and 2019.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2020 HK$'000	2019 HK$'000
Profit before taxation	82,977	96,918
Notional tax on profit before taxation, calculated at the statutory tax rates applicable to the respective tax jurisdictions	13,691	15,990
Effect of non-deductible expenses	9,014	1,250
Effect of non-taxable income	(17,597)	(11,271)
Effect of unused tax losses not recognised	762	91
Effect of temporary differences not recognised	21	72
Effect of utilisation of unused tax losses previously not recognised	–	(2,193)
Effect of change in tax rates	(165)	(165)
Statutory tax concession	(40)	(40)
Actual tax expense	5,686	3,734

9. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 March 2020

	Directors' fees HK$'000	Salaries and allowances HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors				
Lee Cheong Yuen*				
(Chairman and Chief Executive Officer)	–	6,209	17	6,226
Chan Kwok Pui*	–	1,950	18	1,968
Tam Wing Yuen* (note (i))	–	284	8	292
Non-executive directors				
Tam Kwok Wah*	900	–	–	900
Tuon Wai Man*	198	–	11	209
Tso Hon Sai Bosco* (note (ii))	114	–	–	114
Independent non-executive directors				
Kam Man Yi Margaret*	165	–	8	173
Cheung Siu Nang Bruce*	165	–	8	173
Fong Sing Chak Jack# (note (iii))	68	–	3	71
Ko Sebastian Yat Fung* (note (iv))	97	–	5	102
	1,707	8,443	78	10,228

* These directors were removed in the extraordinary general meeting held at 22 April 2020 and new directors were appointed on the same date. Mr. Lee Cheong Yuen also ceased to be Chairman and Chief Executive Officer of the Company. The details are set out in the section "Corporate Information" of this annual report.

Mr. Fong Sing Chak Jack resigned on 30 August 2019.

9. DIRECTORS' EMOLUMENTS (CONTINUED)

For the year ended 31 March 2019

	Directors' fees HK$'000	Salaries and allowances HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors				
Lee Cheong Yuen				
(Chairman and Chief Executive Officer)	–	2,380	20	2,400
Chan Kwok Pui (note (v))	–	188	2	190
Pang Yick Him (note (vi))	–	938	17	955
Non-executive directors				
Tam Kwok Wah	900	–	–	900
Chan Kwok Pui (note (v))	806	–	16	822
Tuon Wai Man (note (vii))	21	–	–	21
Independent non-executive directors				
Kam Man Yi Margaret	165	–	8	173
Cheung Siu Nang Bruce	165	–	8	173
Fong Sing Chak Jack (note (iii))	96	–	5	101
Chan Mee Yee (note (viii))	47	–	2	49
	2,200	3,506	78	5,784

Notes:

(i) Mr. Tam Wing Yuen was appointed as an executive director of the Company on 11 October 2019. The amount for the relevant year represented the remuneration of this director from the date of appointment.

(ii) Mr. Tso Hon Sai Bosco was appointed as a non-executive director of the Company on 11 October 2019. The amount for the relevant year represented the remuneration of this director from the date of appointment.

(iii) Mr. Fong Sing Chak Jack was appointed as an independent non-executive director of the Company on 1 September 2018 and resigned as an independent non-executive director of the Company on 30 August 2019. The amount for the years ended 31 March 2020 and 2019 represented the remuneration of this director from 1 April 2019 to the date of resignation and from the date of appointment to 31 March 2019 respectively.

(iv) Mr. Ko Sebastian Yat Fung was appointed as an independent non-executive director of the Company on 30 August 2019. The amount for the relevant year represented the remuneration of this director from the date of appointment.

(v) Mr. Chan Kwok Pui was re-designated from a non-executive director to an executive director of the Company on 22 February 2019.

(vi) Mr. Pang Yick Him has resigned as an executive director of the Company on 22 February 2019. The amount for the years ended 31 March 2019 represented the remuneration of this director from 1 April 2018 to the date of resignation.

(vii) Ms. Tuon Wai Man was appointed as a non-executive director of the Company on 22 February 2019. The amount for the relevant year represented the remuneration of this director from the date of appointment.

(viii) Dr. Chan Mee Yee has resigned as an independent non-executive director of the Company on 13 July 2018. The amount for the relevant year represented the remuneration of this director from 1 April 2018 to the date of resignation.

(ix) No director received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2020 and 2019. No director waived or agreed to waive any emoluments during the years ended 31 March 2020 and 2019.

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2019: one) are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the remaining three (2019: four) individuals are as follows:

	2020 HK$'000	2019 HK$'000
Salaries and other emoluments	6,875	6,773
Retirement scheme contributions	54	71
	6,929	6,844

The emoluments of these three (2019: four) individuals with the highest emoluments are within the following bands:

	2020 Number of individuals	2019 Number of individuals
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	2	3
HK$2,000,001 to HK$2,500,000	1	–

No emoluments were paid or payable by the Group to these employees as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2020 and 2019.

11. EARNINGS/(LOSS) 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 approximately HK$70,086,000 (2019: approximately HK$83,920,000) and the weighted average number of 5,215,609,614 ordinary shares (2019: 4,538,315,986 ordinary shares) in issue during the year.

(i) Weighted average number of ordinary shares

	2020 Number of shares	2019 Number of shares
Issued ordinary shares at 1 April	4,696,505,221	4,218,253,968
Effect of shares issued (note 29(b))	519,104,393	320,062,018
Weighted average number of ordinary shares at 31 March	5,215,609,614	4,538,315,986

11. EARNINGS/(LOSS) PER SHARE (CONTINUED)

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the (loss)/profit attributable to equity shareholders of the Company of approximately HK$(30,400,000) (2019: approximately HK$20,107,000) and the weighted average number of 5,791,772,297 ordinary shares (2019: 5,032,635,582 ordinary shares), calculated as follow.

(i) (Loss)/profit attributable to equity shareholders of the Company (diluted)

	2020 HK$'000	2019 HK$'000
Profit attributable to equity shareholders of the Company	**70,086**	83,920
Effect of change in fair value of contingent consideration payable	**(1,384)**	(21,492)
Effect of change in fair value of derivative component in convertible bonds	**1,146**	(45,621)
Effect of gain on conversion of convertible bonds	**(105,110)**	(1,276)
Effect of effective interest expense of convertible bonds	**4,862**	4,576
(Loss)/profit attributable to equity shareholders of the Company (diluted)	**(30,400)**	20,107

(ii) Weighted average number of ordinary shares (diluted)

	2020 Number of shares	2019 Number of shares
Weighted average number of ordinary shares at 31 March	**5,215,609,614**	4,538,315,986
Effect of convertible bonds	**499,200,380**	374,189,872
Effect of contingent consideration payable	**76,962,303**	120,129,724
Weighted average number of ordinary shares (diluted) at 31 March	**5,791,772,297**	5,032,635,582

12. PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Leasehold land and buildings held for own use carried at cost (note (ii)) HK$'000	Other properties leased for owned use carried at cost HK$'000	Leasehold improvements HK$'000	Computer equipment HK$'000	Furniture and other office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
At 1 April 2018	48,524	–	4,446	3,232	686	480	57,368
Additions	–	–	–	108	–	628	736
Exchange adjustments	–	–	–	(18)	–	–	(18)
At 31 March 2019	48,524	–	4,446	3,322	686	1,108	58,086
Impact on initial application of HKFRS 16 (note (i))	–	1,421	–	–	–	–	1,421
At 1 April 2019	48,524	1,421	4,446	3,322	686	1,108	59,507
Additions	–	3,726	–	407	–	–	4,133
Disposals	–	–	–	(21)	–	–	(21)
Exchange adjustments	–	–	–	(16)	–	–	(16)
At 31 March 2020	48,524	5,147	4,446	3,692	686	1,108	63,603
Accumulated depreciation							
At 1 April 2018	3,913	–	445	2,464	177	480	7,479
Depreciation for the year	1,565	–	445	387	133	157	2,687
Exchange adjustments	–	–	–	(15)	–	–	(15)
At 31 March 2019	5,478	–	890	2,836	310	637	10,151
Impact on initial application of HKFRS 16 (note (i))	–	–	–	–	–	–	–
At 1 April 2019	5,478	–	890	2,836	310	637	10,151
Depreciation for the year	1,565	1,218	445	296	134	157	3,815
Written back on disposals	–	–	–	(4)	–	–	(4)
Exchange adjustments	–	–	–	(14)	–	–	(14)
At 31 March 2020	7,043	1,218	1,335	3,114	444	794	13,948
Carrying amount							
At 31 March 2020	41,481	3,929	3,111	578	242	314	49,655
At 31 March 2019	43,046	–	3,556	486	376	471	47,935

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliation of carrying amount (Continued)

Notes:

(i) The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. See note 2(c).

(ii) The leasehold land and building held by the Group is situated in Hong Kong. As the leasehold interest in land cannot be allocated reliably between land and building elements, the leasehold interest in land continue to be accounted for as property, plant and equipment.

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 March 2020 HK$'000	1 April 2019 HK$'000
Other properties leased for own use, carried at depreciated cost	**3,929**	1,421

(c) The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020 HK$'000	2019 (Note) HK$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land and buildings	**–**	–
Other properties leased for own use	**1,218**	–
	1,218	–
Interest on lease liabilities (note 7)	**36**	–
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	**–**	1,171

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(d) The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 April 2019, the Group as lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 2(c).

(e) During the year, additions to right-of-use assets were HK$3,726,000. This amount represents the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that have not yet commenced are set out in notes 21(c) and 26, respectively.

(f) Other properties leased for own use

The Group has obtained the right to use other properties as its offices through tenancy agreements. The leases typically run for an initial period of 3 years. Lease payments are usually revised every 3 years to reflect market conditions. None of the Leases includes variable lease payments.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

	Lease liabilities recognised (discounted) HK$'000	Potential future lease payments under extension options not included in lease liabilities (undiscounted) HK$'000
Office – Hong Kong	3,843	–

13. INTANGIBLE ASSETS

	Acquired computer software HK$'000
Cost	
At 1 April 2018, 31 March 2019 and 1 April 2019	735
Additions	368
At 31 March 2020	1,103
Accumulated amortisation	
At 1 April 2018	471
Charge for the year	124
At 31 March 2019 and 1 April 2019	595
Charge for the year	192
At 31 March 2020	787
Carrying amount	
At 31 March 2020	316
At 31 March 2019	140

The amortisation charge for the year is included in "general and administrative expenses" in the consolidated statement of profit or loss.

14. INTERESTS IN ASSOCIATES

(a) The following list contains the particulars of associates, which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Place of incorporation and operations	Particulars of issued and paid-up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Principal activity
PS International Company Limited ("PS International")	BVI	10,000 ordinary shares of US$1 each	40%	–	Investment holding
PointSoft Limited	Hong Kong	10,000 ordinary shares	40%	–	Computer engineering
Bao Cheng Holdings (HK) Limited ("Bao Cheng HK")	Hong Kong	2,000 ordinary shares	25%	–	Investment holding
深圳市寶誠生物發展有限公司 ("Bao Cheng PRC")	The PRC	Registered capital RMB30,000,000	20%	–	Not yet commenced business

All of the above associates are accounted for using the equity method in the consolidated financial statements.

PS International holds 100% interest in PointSoft Limited and Bao Cheng HK holds 80% interest in Bao Cheng PRC.

(b) On 20 June 2018, the Group entered in to a sale and purchase agreement in relation to the acquisition of 40% equity interest in PS International, through the acquisition of a subsidiary. PS International holds 100% interest in PointSoft Limited. PS International and PointSoft Limited are collectively referred to as the "PointSoft Group".

The consideration of the acquisition is to be satisfied by (i) the issuance of 172,811,060 new ordinary shares of the Company as an initial consideration (the "Initial Consideration Shares"); and (ii) the issuance of a maximum number of 172,811,060 new ordinary shares of the Company based on the formula set out in the sale and purchase agreement when the audited net profit after tax of the PointSoft Group shall be greater than HK$10 million for the period from 1 April 2018 to 31 March 2019. In accordance with the sale and purchase agreement, the total number of new ordinary shares to be issued as consideration for the acquisition must not be greater than 345,622,120.

The interests in associates are initially stated at cost of HK$61,945,000, which is measured at (i) the fair value of the Initial Consideration Shares of the Company as at the completion date (being approximately HK$31,106,000); and (ii) the fair value of contingent consideration payable as at the completion date (being approximately HK$30,839,000). The fair value of the contingent consideration payable is determined by the directors of the Company with reference to the valuation report prepared by an independent professional valuer, by applying probabilistic approach on the estimated profit of the PointSoft Group for the period from 1 April 2018 to 31 March 2019 and the probability of occurrence of each expected earning scenario. The details are set out in note 24.

14. INTERESTS IN ASSOCIATES (CONTINUED)

(c) Summarised financial information of PointSoft Group

Summarised financial information of the PointSoft Group, that is material to the Group, adjusted for any difference in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	PointSoft Group	
	2020	2019
	HK$'000	HK$'000
Non-current assets	**16,067**	23,219
Current assets	**8,685**	13,836
Non-current liabilities	**(2,640)**	(3,828)
Current liabilities	**(3,157)**	(3,379)
Equity	**18,955**	29,848
Revenue	**25,635**	16,708
Profit for the year	**4,038**	1,356
Other comprehensive income for the year	**–**	–
Total comprehensive income for the year	**4,038**	1,356
Dividend received for the year	**6,000**	–

(d) Reconciliation of the above summarised financial information of PointSoft Group to the carrying amount of the interests in associates recognised in the consolidated financial statements

	PointSoft Group	
	2020	2019
	HK$'000	HK$'000
Net assets of associates	**18,955**	29,848
Group's effective interest	**40%**	40%
Group's share of net assets of associates	**7,582**	11,939
Goodwill (note (i))	**50,548**	50,548
Carrying amount in the consolidated financial statements	**58,130**	62,487

(i) The recoverable amount of the CGU is determined based on the value in use calculations, with reference to the estimated cash flows in the coming five years. Cash flows beyond five years were extrapolated by assuming a 3% (2019: 3%) growth rate using a pre-tax discount rate of 12.5% (2019: 14%).

Based on the impairment assessment, no impairment loss on goodwill relating to PointSoft Group was recognised during the year ended 31 March 2020 and 2019.

14. INTERESTS IN ASSOCIATES (CONTINUED)

(e) Summarised financial information of Bao Cheng Group

Financial information about the Group's interest in the Bao Cheng Group, that is not material, is disclosed below:

	Bao Cheng Group 2020 HK$'000	Bao Cheng Group 2019 HK$'000
Net loss for the year	**(12,607)**	–
Other comprehensive income for the year	**309**	–
Total comprehensive loss for the year	**(12,298)**	–
Carrying amount of the associate in the consolidated financial statements	**2,342**	1

15. INTERESTS IN JOINT VENTURES

(a) Details of the Group's interests in joint ventures, which is accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest		
Name of joint venture	Form of business structure	Place of incorporation and operations	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Principal activity
DeepSolutions Limited ("DeepSolutions")	Corporate	Hong Kong	300 ordinary shares	33.33%	–	Investment holding
DeepTranslate Limited ("DeepTranslate")	Corporate	Hong Kong	300 ordinary shares	33.33%	–	Provision of translation services for documents

DeepSolutions holds 100% interest in DeepTranslate. DeepSolutions and DeepTranslate are collectively referred to as the "DeepSolutions Group". DeepSolutions Group was incorporated by the Company with other joint venture partners to engage in the provision of translation services for documents through the application of an artificial intelligence translation system to be developed by DeepSolutions Group. DeepSolutions and DeepTranslate are unlisted corporate entities.

15. INTERESTS IN JOINT VENTURES (CONTINUED)

(b) Summarised financial information of the DeepSolutions Group, adjusted for any difference in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	DeepSolutions Group	
	2020	2019
	HK$'000	HK$'000
Non-current assets	**820**	68
Current assets	**2,777**	1,563
Non-current liabilities	**–**	–
Current liabilities	**(5,604)**	(3,590)
Equity	**(2,007)**	(1,959)
Included in the above assets and liabilities:		
Cash and cash equivalents	**2,685**	1,563
Revenue	**410**	–
Loss for the year	**(2,431)**	(1,959)
Other comprehensive income for the year	**–**	–
Total comprehensive loss for the year	**(2,431)**	(1,959)

(c) Reconciliation of the financial information of the joint ventures to the carrying amount of the interests in joint ventures recognised in the consolidated financial statements

	DeepSolutions Group	
	2020	2019
	HK$'000	HK$'000
Gross amounts of joint ventures' net liabilities	**(2,007)**	(1,959)
Group's effective interest	**33.33%**	33.33%
Group's share of joint ventures' net liabilities	**(669)**	(653)
Group's share of shareholders' loan (note 15(d))	**1,894**	1,751
Carrying amount of the Group's interest	**1,225**	1,098

(d) In accordance with the terms of the joint venture agreement, all parties to the joint venture have provided loan capital to the joint venture in proportion to their shareholdings and under equal terms. The loans are unsecured, interest-free and with no fixed term of repayment. Repayment of any amount of the loan requires all joint venturers' approval and is subject to the joint venture having sufficient assets after taking into account the external financing and retained profits. Accordingly, the shareholders' loan of approximately HK$1,894,000 (2019: HK$1,751,000) forms an integral part of the Group's equity investment in joint venture and is recognised as such.

16. OTHER FINANCIAL ASSET

	31 March 2020	31 March 2019
	HK$'000	HK$'000
Financial asset measured at FVOCI (non-recycling)		
– Unlisted shares in Hong Kong	**6,900**	37,800

17. INVESTMENTS IN SUBSIDIARIES

(a) The following list contains the particulars of subsidiaries. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and business and kind of legal entity	Particulars of issued and paid up/registered capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by subsidiaries	Principal activity
Great Talent Holdings Limited	BVI, limited liability company	100 shares of US$1 each	100%	100%	–	Investment holding
Wide Ocean Technologies Limited	BVI, limited liability company	100 shares of US$1 each	100%	100%	–	Investment holding
ICO Holdings Limited	Hong Kong, limited liability company	10,000 shares	100%	–	100%	Investment holding
ICO Group Holdings Limited	Hong Kong, limited liability company	1 share	100%	–	100%	Property holding
ICO Investments Limited	Hong Kong, limited liability company	1 share	100%	–	100%	Not yet commenced business
Wide Faith Management Limited	BVI, limited liability company	100 shares of US$1 each	100%	–	100%	Investment holding
Value Digital Limited	BVI, limited liability company	1 share of US$1 each	100%	–	100%	Investment holding
Digital Faith International Limited	BVI, limited liability company	1 share of US$1 each	100%	–	100%	Investment holding
ICO Limited	Hong Kong, limited liability company	1,000,000 shares	100%	–	100%	Provision of information technology service
ICO Technology Limited	Hong Kong, limited liability company	1,000,000 shares	51%	–	51%	Provision of information technology service
ICO IT Properties Limited	BVI, limited liability company	1 share of US$1 each	100%	100%	–	Investment holding

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) (Continued)

Name of company	Place of incorporation and business and kind of legal entity	Particulars of issued and paid up/registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by subsidiaries	Principal activity
ICO IT Properties (Malaysia) Limited	BVI, limited liability company	1 share of US$1 each	100%	–	100%	Investment holding
ICO Malaysia SDN. BHD.	Malaysia, limited liability company	2 shares of RM1 each	100%	–	100%	Not yet commenced business
Absolute Robust Limited	BVI, limited liability company	11,000 shares of US$1 each	100%	–	100%	Investment holding
Tian Li Shi Software Development (Shenzhen) Co. Ltd. (note) (天利時軟件開發(深圳)有限公司)	PRC, wholly-foreign-owned enterprise	HK$600,000	100%	–	100%	Dormant
Catering Automation Limited	BVI, limited liability company	15,000 shares of US$1 each	100%	–	100%	Investment holding

Note: The English translation of the name of the Company's subsidiary which was registered and incorporated in the PRC is for reference only and the official name of this entity is in Chinese.

(b) The following table lists out the information relating to ICO Technology Limited ("ICOT"), the only subsidiary of the Group which has material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2020 HK$'000	2019 HK$'000
NCI percentage of ICOT	**49%**	49%
Current assets	**97,699**	122,508
Non-current assets	**446**	97
Current liabilities	**(82,432)**	(97,967)
Non-current liabilities	**(9)**	(9)
Net assets attributable to owners of ICOT	**15,704**	24,629
Carrying amount of NCI	**7,695**	12,068

17. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) (Continued)

	2020 HK$'000	2019 HK$'000
Revenue	460,354	484,436
Profit for the year	14,704	18,906
Total comprehensive income	14,704	18,906
Profit and total comprehensive income allocated to NCI	7,205	9,264
Dividend declared to NCI	11,578	3,185
Cash flows generated from operating activities	8,243	6,287
Cash flows generated (used in)/from investing activities	(474)	14
Cash flows generated (used in)/from financing activities	(25,355)	1,022

18. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2020 HK$'000	2019 HK$'000
Contract assets		
Arising from performance under IT application and solution development services	28,157	4,483
Less: Allowances for doubtful debts	(147)	–
	28,010	4,483

Typical payment terms which impact the amount of contract assets recognised are as follows:

IT application and solution development services

Contracts for the provision of IT application and solution development services include payment schedules which require stage payments over the development period once specified milestones are reached. Certain conditions have to be satisfied before the Group is entitled to the consideration under the payment terms set out in the contracts. The Group typically receives a deposit on acceptance of the order on a case by case basis and this has resulted in a contract liability.

As at 31 March 2020, no contract assets (2019: HK$Nil) was expected to be recovered after more than one year.

18. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities

	2020 HK$'000	2019 HK$'000
Contract liabilities		
– Billings in advance of performance	**11,125**	10,489

Typical payment terms which impact the amount of contract liabilities recognised are as follows:

When the Group receives a deposit before services rendered, this will give rise to contract liabilities at the start of the contract. The Group negotiated with customers and received deposit on acceptance of contracts on a case by case basis.

Movement in contract liabilities

	HK$'000
At 1 April 2018	7,447
Decrease in contract liabilities as a result of recognising revenue during the year included in the contract liabilities at the beginning of the period	(5,612)
Increase in contract liabilities as a result of billing in advance	8,654
At 31 March 2019 and 1 April 2019	10,489
Decrease in contract liabilities as a result of recognising revenue during the year included in the contract liabilities at the beginning of the period	(7,439)
Increase in contract liabilities as a result of billing in advance	8,075
At 31 March 2020	11,125

The amount of billing in advance of performance expected to be recognised as income after more than one year is HK$nil (2019: HK$nil).

19. TRADE AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Non-current		
Deposits for acquisition of subsidiaries (note 19(d))	**202,230**	117,602
Current		
Trade receivables	**166,314**	169,322
Less: Allowances for doubtful debts	**(543)**	–
	165,771	169,322
Other receivables	**16**	17
Rental and other deposits	**1,931**	1,845
Prepayments	**7,539**	4,672
	175,257	175,856

(a) Ageing analysis of trade receivables

As of the end of the reporting period, the ageing analysis of trade receivables, based on the date of billing, is as follows:

	2020 HK$'000	2019 HK$'000
Within 1 month	**125,903**	132,496
1 to 3 months	**28,669**	26,369
Over 3 months	**11,199**	10,457
	165,771	169,322

Trade receivables are due within 90 days from the date of billing. Further details on the Group's credit policy are set out in note 30(a).

(b) Impairment of trade receivables

Impairment losses in respect of trade receivables 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 receivables directly (see note 2(j)(i)). Details of impairment assessment of trade receivables for the years ended 31 March 2020 and 2019, are set out in note 30(a).

(c) Written off of trade receivables

At 31 March 2020, the Group individually wrote off a single trade debtor amounting to HK$nil (2019: HK$129,000) that defaulted its payment. The management considered that such trade debtor was not recoverable since the relevant trade debtor went into liquidation.

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) On 6 December 2017 and 8 January 2018, ICO IT Properties (Malaysia) Limited, a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement and a supplemental sale and purchase agreement (collectively referred to as the "Acquisition Agreements"), respectively, with various vendors, at a total consideration of RM145 million for the acquisition of a group of companies, which will undergo a building construction project and an online-to-offline wholesale trading platform (the "Electronic Platform") project in Malaysia (collectively referred to as the "Project CKB").

The total consideration of RM145 million comprises of (i) RM4.5 million of cash; (ii) RM100 million of convertible bonds to be issued by the Company; and (iii) RM40.5 million of promissory notes to be issued by the Company.

Pursuant to the Acquisition Agreements, the total gross rental net of Malaysian taxes for a period of eighteen months from the completion date of acquisition for the Project CKB shall not be less than RM10.15 million (the "Performance Guarantee"). In the event the Performance Guarantee cannot be achieved, a sum of RM10.15 million shall be deducted from the consideration by the non-issuance of promissory notes with a principal amount of RM10.15 million.

At 31 March 2020, cash of RM4,500,000 (equivalent to approximately HK$8,659,000) (2019: RM4,500,000 or equivalent to approximately HK$8,659,000) has been paid and convertible bonds and promissory note measured at fair value at the dates of issue totalling approximately HK$236,907,000 (2019: HK$108,943,000) have been issued as part of the deposits for acquisition of subsidiaries pursuant to the payment schedule as set out in the Acquisition Agreements. The details of convertible bonds and promissory note are set out in note 25 and note 27 to the financial statements.

During the year ended 31 March 2020, the construction of the shopping mall property (the "Property") is completed and the Electronic Platform will be required for further revision and development. The acquisition of these subsidiaries was completed on 2 June 2020. As at 31 March 2020, the outbreak of coronavirus (the "COVID-19") in early 2020 has adversely impacted the worldwide economy. On 18 March 2020, the Malaysian Government implemented the 2020 Movement Control Order (the "MCO") as a preventive measure for the COVID-19 pandemic in Malaysia. The Group therefore has to assess the impact of COVID-19 and the MCO on the overall retail industry in Malaysia and the Project CKB, and was of the view that the rental value of the Property would be significantly affected, which served as an impairment indicator and therefore the Group performed an impairment assessment on the deposits for acquisition of subsidiaries whereby the recoverable amount is approximately HK$202,230,000 based on fair value less costs of disposal. The directors assessed the impairment of deposits for acquisition of subsidiaries including with reference to the fair value of the Property located in Malaysia which was valued by an independent valuer, B.I. Appraisals Limited. This firm is independent qualified external valuers not related to the Group and have appropriate professional qualifications and recent experience in the valuation of similar properties in the relevant location. The valuation of the Property was principally arrived at using income capitalisation approach by taking into account the current rents passing and the reversionary income potential of the Property which is a method of valuation whereby vacant units are assumed to be let at their respective market rents as at the valuation date. In the valuation, which falls under Level 3 of fair value hierarchy (as defined in note 30(f)), the market rentals of all lettable units of the Property are assessed and capitalized at market yield expected by investors for this type of the Property. There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the year. The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur. The market rentals are assessed by reference to the rentals achieved in the lettable units of the Property as well as other lettings of similar properties in the neighbourhood. The market yield which is the capitalisation rate adopted is made by reference to the yields derived from analysing the sales transactions of similar properties in Malaysia and adjusted to take account of the valuer's knowledge of the market expectation from property investors to reflect factors specific to the Property.

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) (Continued)

The adopted capitalisation rates in the valuation range from 4.1% – 5.0% and the monthly market rent per square feet is range from RM9.8 (equivalent to approximately HK$17.7) to RM18.0 (equivalent to approximately HK$32.3). The capitalisation rate and the monthly market rent per square feet are the key parameters in the valuation method of income capitalisation and they involve professional judgment in relation to the adjustments made by the valuer. The fair value measurement is positively correlated to the monthly market rent per square feet and negatively correlated to the capitalisation rate.

Taking into account the impairment assessment, the directors of the Company consider that it is appropriate to make an impairment loss on deposits for acquisition of subsidiaries of HK$43,336,000.

20. PLEDGED BANK DEPOSITS

As at 31 March 2020, bank deposits of approximately HK$1,999,000 (2019: approximately HK$3,197,000) were pledged to a bank for performance guarantees issued by the bank.

21. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise

	2020 **HK$'000**	2019 HK$'000
Cash and cash equivalents in the consolidated statements of financial position and cash flows:		
Cash at financial institutions and on hand	**45,366**	52,947
Time deposit with original maturity		
– Within one month	**–**	33
	45,366	52,980
Time deposit with original maturity		
– Over three months	**1,198**	–

Notes:

(i) At 31 March 2020, cash and cash equivalents in the amount of approximately HK$10,000 (2019: approximately HK$12,000) are denominated in Renminbi.

(ii) Deposits with financial institutions carry interest at market rates ranging from 0.01% to 0.2% (2019: 0.01% to 0.5%) per annum.

21. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK$'000 (note 26)	Bank loans HK$'000 (note 23)	Liability and derivative components in convertible bonds HK$'000 (note 25)	Total HK$'000
At 31 March 2019	–	7,591	55,724	63,315
Impact on initial application of HKFRS 16 (note 2(c))	1,304	–	–	1,304
At 1 April 2019	1,304	7,591	55,724	64,619
Changes from financing cash flows				
Repayment of bank loans	–	(7,591)	–	(7,591)
Interest on bank loans paid	–	(44)	–	(44)
Capital element of lease rentals paid	(1,187)	–	–	(1,187)
Interest element of lease rentals paid	(36)	–	–	(36)
Total changes from financing cash flows	(1,223)	(7,635)	–	(8,858)
Other changes				
Increase in lease liabilities from entering into new leases during the period	3,726	–	–	3,726
Interest on lease liabilities	36	–	–	36
Interest on bank loans (note 7(a))	–	44	–	44
Initial recognition on issuance of convertible bonds as part of the deposits for acquisition of subsidiaries	–	–	109,149	109,149
Conversion of convertible bonds	–	–	(170,881)	(170,881)
Amortisation of liability component in convertible bonds	–	–	4,862	4,862
Fair value change on derivative component in convertible bonds	–	–	1,146	1,146
Total other changes	3,762	44	(55,724)	(51,918)
At 31 March 2020	3,843	–	–	3,843

Note: The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17, see note 2(c).

21. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans HK$'000 (note 23)	Liability and derivative components in convertible bonds HK$'000 (note 25)	Total HK$'000
At 1 April 2018	22,900	–	22,900
Changes from financing cash flows			
Proceeds from bank loans	36,640	–	36,640
Repayment of bank loans	(51,949)	–	(51,949)
Interest on bank loans paid	(395)	–	(395)
Total changes from financing cash flows	(15,704)	–	(15,704)
Other changes			
Interest on bank loans (note 7(a))	395	–	395
Initial recognition on issuance of convertible bonds as part of the deposits for acquisition of subsidiaries	–	108,943	108,943
Conversion of convertible bonds	–	(12,174)	(12,174)
Amortisation of liability component in convertible bonds	–	4,576	4,576
Fair value change on derivative component in convertible bonds	–	(45,621)	(45,621)
Total other changes	395	55,724	56,119
At 31 March 2019	7,591	55,724	63,315

21. CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2020 HK$'000	2019 (Note) HK$'000
Within operating cash flows	–	1,171
Within investing cash flows	–	–
Within financing cash flows	1,223	–
	1,223	1,171

Note: As explained in the note to note 21(b), the adoption of HKFRS 16 introduces a change in the classification of cash flows of certain rentals paid under leases. The comparative amounts have not been restated.

These amounts relate to the following:

	2020 HK$'000	2019 HK$'000
Lease rentals paid	1,223	1,171

(d) Major non-cash transactions

During the year ended 31 March 2020, the Company entered into the following major non-cash transactions:

(i) The Company allotted and issued 172,811,060 (2019: 172,811,060) new shares and nil (2019: 218,253,969) new shares to vendors in respect of the acquisition of associates (see note 14) and other financial asset (see note 16) respectively, pursuant to the respective sale and purchase agreements.

(ii) The Company issued convertible bonds measured at fair value at the date of issue of approximately HK$109,149,000 (2019: HK$108,943,000) as part of the deposits for acquisition of subsidiaries (see note 19(d)).

(iii) The Company issued promissory notes measured at fair value at the date of issue of approximately HK$18,815,000 (2019: HK$nil) as part of the deposits for acquisition of subsidiaries (see note 19(d)).

22. TRADE AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Trade payables	63,941	73,030
Accrued expenses and other payables	22,070	9,730
Dividend payable to non-controlling interests	2,895	–
	88,906	82,760

(a) Ageing analysis of trade payables

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2020 HK$'000	2019 HK$'000
Within 1 month	26,999	43,982
1 to 3 months	33,163	29,039
Over 3 months	3,779	9
	63,941	73,030

23. BANK LOANS

At 31 March 2020, the bank loans were repayable as follows:

	2020 HK$'000	2019 HK$'000
Within 1 year or demand	–	7,591

At 31 March 2020, the bank loans were secured as follows:

	2020 HK$'000	2019 HK$'000
Bank loans		
– secured and guaranteed	–	7,591

The effective interest rates of the bank loans range from 2.84% to 4.06% per annum.

The banking facilities (including bank loans and performance bonds) granted to the Group amounted to HK$67,000,000 (2019: HK$57,000,000). The banking facilities were utilised to the extent of approximately HK$10,221,000 (2019: approximately HK$34,061,000), comprising of bank loans of HK$nil (2019: approximately HK$7,591,000) and performance bond given by a bank of approximately HK$10,221,000 (2019: approximately HK$26,470,000).

At 31 March 2020, the banking facilities of the Group were secured by mortgages over the Group's leasehold land and buildings with an aggregate carrying amount of approximately HK$39,859,000 (2019: approximately HK$41,363,000) and a corporate guarantee provided by the Company.

All of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 30(b). At 31 March 2020, none of the covenants relating to drawn down facilities had been breached.

24. CONTINGENT CONSIDERATION PAYABLE

The movements of contingent consideration payable are as follow:

	2020 HK$'000	2019 HK$'000
Fair value		
At 1 April	10,715	31,268
Initial recognition in respect of acquisition of associates (see note 14)	–	30,839
Change in fair value in respect of acquisition of associates	–	(20,124)
Change in fair value up to settlement date in respect of acquisition of:		
– other financial assets	–	(1,368)
– associates	(1,384)	–
Derecognition upon settlement in respect of acquisition of:		
– other financial asset (note 29(b)(iii))	–	(29,900)
– associates (note 29(b)(iv))	(9,331)	–
At 31 March	–	10,715
Total gain for the year recognised in profit or loss	1,384	21,492

During the year ended 31 March 2019, the fair value of the contingent consideration payable at initial recognition was determined by the directors of the Company with reference to the valuation report prepared by an independent professional valuer, by applying probabilistic approach on the estimated profit of associates in respect of the period from 1 April 2018 to 31 March 2019 and the probability of occurrence of expected earning scenario. At 31 March 2019, the fair value of the contingent consideration payable was determined by the directors of the Company with reference to the unaudited consolidated management account of associates for the year ended 31 March 2019. The issue of consideration shares is subject to the finalisation of audited consolidated financial statements of associates for the year ended 31 March 2019. The contingent consideration payable is expected to be settled within one year and therefore classified as current liabilities. The audited consolidated financial statements of associates for the year ended 31 March 2019 was finalised and issued during the year ended 31 March 2020. 172,811,060 ordinary shares of the Company were issued and contingent consideration payable of HK$9,331,000 was settled accordingly.

25. CONVERTIBLE BONDS

During the year ended 31 March 2020, the Company issued convertible bonds denominated in HK dollars as deposits for acquisition of subsidiaries (see note 19(d)) in an aggregate principal amount of HK$106,581,000 (2019: HK$84,363,180) with an initial conversion price of HK$0.1323 per share with adjustments clauses, which will mature on the third anniversary of the respective issue dates. The convertible bonds carry no interest.

During the year ended 31 March 2020, convertible bonds with principal amount of approximately HK$179,409,000 (2019: HK$11,535,000) were converted and the Company allotted and issued 1,356,076,848 (2019: 87,186,224) new ordinary shares on 27 August 2019 and 16 January 2020 (2019: 27 August 2018) accordingly.

The convertible bonds contained two components, a liability component and a derivative component. The derivative component represented the conversion option given to the holders the right at any time to convert the convertible bonds into ordinary shares of the Company. However, since the conversion option would be settled other than by the exchange of a fixed amount of the Company's own equity instruments, the conversion option was accounted for as derivative financial instrument.

At initial recognition, the derivative component in the convertible bonds is measured at fair value and is separately presented. Any excess of the fair values of the convertible bonds over the amounts initially recognised as derivative component in convertible bonds is recognised as liability component in the convertible bonds.

At the end of the reporting period, the fair values of the derivative component in convertible bonds are remeasured and the gain or loss on remeasurement to fair value are recognised in profit or loss.

The liability component in convertible bonds is subsequently carried at amortised cost with interest expenses calculated using the effective interest method recognised in profit or loss. The effective interest rate of the liability component in the convertible bonds range from 2.94% to 15.86% per annum (2019: from 12.74% to 15.86% per annum).

When the convertible bonds are converted, the shares issued are measured at fair value and any difference between the fair value of shares issued and the carrying amounts of the derivative and liability components in the convertible bonds are recognised in profit or loss. During the year ended 31 March 2020, the difference between the fair value of shares issued upon conversion of convertible bonds of approximately HK$65,771,000 (2019: approximately HK$10,898,000) and the carrying amounts of the derivative and liability components of convertible bonds of approximately HK$170,881,000 (2019: approximately HK$12,174,000) were recognised as "gain on conversion of convertible bonds" in profit or loss with an amount of approximately HK$105,110,000 (2019: approximately HK$1,276,000).

25. CONVERTIBLE BONDS (CONTINUED)

The fair values of the convertible bonds as at each issue date and the derivative components in convertible bonds as at each issue date and conversion date are determined by Integrated Professional Appraisals Limited, an independent and professionally qualified valuer not connected to the Group, based on the binomial option pricing model. The significant inputs used for the calculation of fair values of the convertible bonds and the derivative components, at issue and subsequent measurement dates, are as follows:

	At conversion date	At issue date
– Share price (HK$)	0.045–0.058	0.049–0.058
– Expected volatility (%)	77.202–94.368	77.113–109.927
– Expected option life (year)	1.557–2.822	3.000
– Risk-free rate (%)	1.556–1.673	1.409–1.682

The movements of the liability and derivative components in the convertible bonds are as follows:

	Liability component HK$'000	Derivative component HK$'000	Total HK$'000
At 1 April 2018	–	–	–
Initial recognition on issuance of convertible bonds	55,854	53,089	108,943
Amortisation of liability component in convertible bonds	4,576	–	4,576
Fair value change on derivative component in convertible bonds	–	(45,621)	(45,621)
Conversion of convertible bonds	(7,657)	(4,517)	(12,174)
At 31 March 2019 and 1 April 2019	52,773	2,951	55,724
Initial recognition on issuance of convertible bonds	97,592	11,557	109,149
Amortisation of liability component in convertible bonds	4,862	–	4,862
Fair value change on derivative component in convertible bonds	–	1,146	1,146
Conversion of convertible bonds	(155,227)	(15,654)	(170,881)
At 31 March 2020	–	–	–

	2020 HK$'000	2019 HK$'000
Total gain for the year included in profit or loss for liabilities held at the end of the reporting period	**–**	36,329

26. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

	31 March 2020		1 April 2019 (Note)		31 March 2019 (Note)	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**1,103**	**1,224**	1,187	1,224	–	–
After 1 year but within 2 years	**1,232**	**1,328**	117	117	–	–
After 2 years but within 5 years	**1,508**	**1,549**	–	–	–	–
	3,843	**4,101**	1,304	1,341	–	–
Less: total future interest expenses		**(258)**		(37)		–
Present value of lease liabilities		**3,843**		1,304		–

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 31 March 2019 has not been restated and relates solely to leases previously classified as finance leases. Further details on the impact of the transition to HKFRS 16 are set out in note 2(c).

27. PROMISSORY NOTES PAYABLE

On 12 November 2019, the Company issued promissory note with a fair value of HK$18,815,000 which will mature on the third anniversary from the date of issuance carrying interest at 2% per annum. The fair value was determined by Integrated Professional Appraisals Limited, an independent and professionally qualified valuer not connected to the Group. Valuation were made in the basis of effective interest method which is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate used in the calculation of the fair value is 2.97%. The directors of the Company considered that no derivatives were embedded in the promissory notes payable and it is appropriate to use amortised cost to account for the promissory notes payable in the consolidated statement of financial position. For the year ended 31 March 2020, effective interest expenses of promissory note of HK$212,000 was recognised in the consolidated statement of profit or loss.

28. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents

Current taxation movement	2020 HK$'000	2019 HK$'000
At 1 April	3,747	5,719
Charged to profit or loss (note 8(a))	(5,686)	(3,734)
Tax paid for the year	8,196	1,762
Tax refunded for the year	(6,095)	–
At 31 March	162	3,747
Analysed for reporting purpose as:		
Tax recoverable	709	5,924
Tax payable	(547)	(2,177)
	162	3,747

(b) Deferred tax liabilities recognised

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation allowance in excess of related depreciation	
	2020 HK$'000	2019 HK$'000
At 1 April	161	161
Charged to profit or loss	–	–
At 31 March	161	161

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses of approximately HK$5,836,000 (2019: approximately HK$1,239,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and the entity. The tax losses do not expire under current legislation.

(d) Deferred tax liabilities not recognised

There were no other material unrecognised deferred tax liabilities as at 31 March 2020 and 2019.

29. CAPITAL, RESERVES AND DIVIDENDS

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share premium HK$'000	(Accumulated losses)/ retained profits HK$'000	Total HK$'000
At 1 April 2018	115,779	(859)	114,920
Profit and total comprehensive income for the year	–	31,564	31,564
Shares issued for acquisition of an associate	30,675	–	30,675
Shares issued upon conversion of convertible bonds	10,680	–	10,680
Shares issued for settlement of contingent consideration payable in relation to acquisition of other financial asset	29,354	–	29,354
At 31 March 2019 and 1 April 2019	**186,488**	**30,705**	**217,193**
Profit and total comprehensive income for the year	**–**	**18,589**	**18,589**
Shares issued for settlement of contingent consideration payable in relation to acquisition of an associate	**8,900**	**–**	**8,900**
Shares issued upon conversion of convertible bonds	**62,380**	**–**	**62,380**
At 31 March 2020	**257,768**	**49,294**	**307,062**

29. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Share capital

Authorised and issued share capital

	Number of shares	HK$'000
Authorised		
Ordinary shares of HK$0.0025 each	40,000,000,000	100,000
Issued and fully paid		
At 1 April 2018	4,218,253,968	10,546
Shares issued for acquisition of an associate (note (i))	172,811,060	431
Shares issued upon conversion of convertible bonds (note (ii))	87,186,224	218
Shares issued for settlement of contingent consideration payable in relation to acquisition of other financial asset (note (iii))	218,253,969	546
At 31 March 2019 and 1 April 2019	4,696,505,221	11,741
Shares issued for settlement of contingent consideration payable in relation to acquisition of associates (note (iv))	172,811,060	431
Shares issued upon conversion of convertible bonds (note (v))	1,356,076,848	3,390
At 31 March 2020	6,225,393,129	15,562

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 4 July 2018, the Company allotted and issued 172,811,060 new shares to the vendors in respect of the acquisition of associates (see note 14) pursuant to the sale and purchase agreement.

(ii) On 27 August 2018, the Company allotted and issued 87,186,224 new shares upon the conversion of convertible bonds issued as part of the deposits for acquisition of subsidiaries pursuant to the sale and purchase agreement (see note 25).

(iii) On 10 August 2018, the Company allotted and issued 218,253,969 new shares to vendors in respect of the acquisition of the other financial asset (see note 16) pursuant to the sale and purchase agreement.

(iv) On 11 September 2019, the Company allotted and issued 172,811,060 new shares to the vendors in respect of the acquisition of associates (see note 14) pursuant to the sale and purchase agreement.

(v) On 27 August 2019 and 16 January 2020, the Company allotted and issued 365,138,888 and 990,937,960 new shares respectively upon the conversion of convertible bonds issued as part of the deposits for acquisition of subsidiaries pursuant to the sale and purchase agreement (see note 25).

29. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Nature and purpose of reserves

(i) Share premium

Share premium arose from the issue of shares at a price greater than the par value of the shares.

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of companies outside Hong Kong. The reserve is dealt with in accordance with the accounting policy set out in note 2(v).

(iii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets measured at FVOCI (non-recycling)/available-for-sale investments held at the end of the reporting period and is dealt with in accordance with the accounting policies set out in notes 2(i) and 2(j)(i).

(d) Dividends

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2020 (2019: Nil).

(e) Capital management

The Group's primary objectives when managing capital 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.

The Group monitors its capital structure on the basis of an adjusted debt-to-capital ratio. For this purpose, the Group defines adjusted debt as total debt (which includes interest-bearing bank loans, liability component in convertible bonds, lease liabilities, promissory note payable and trade and other payables) plus unaccrued proposed dividends, less cash and cash equivalents and pledged bank deposits. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

29. CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(e) Capital management (Continued)

During the year, the Group's strategy (which was unchanged from 2019) was to maintain an adjusted debt-to-capital ratio of no more than 100%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to equity owners of the Company, issue new shares, raise new debt financing or sell assets to reduce debt. At 31 March 2020, the adjusted debt-to-capital ratio of the Group was 14.1% (2019: 28.7%).

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate, currency risks arise in the normal course of the Group's business. The Group is also exposed to equity price risk arising from moments in its own equity share price. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, contract assets, deposits for acquisition of subsidiaries, pledged bank deposits, cash at banks and other financial assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(i) Trade receivable and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 March 2020, 44% (2019: 38%) of the trade receivables was due from the Group's largest debtor; and 57% (2019: 53%) of the trade receivables was due from the Group's five largest debtors.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the past history of making payments of the customers when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. For project contracts, the Group generally requires customers to settle billings in accordance with the contracted terms, whereas for sales of goods and provision of services, the Group generally requires customers to settle billings (a) immediately after the completion of related transactions or (b) in accordance with the contracted terms. Normally, the Group does not obtain collateral from customers.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (Continued)

(i) Trade receivable and contract assets (Continued)

The Group applies the HKFRS 9 simplified approach to measuring ECL and uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for contract assets.

The Group measures loss allowances for trade receivables and contract assets individually or at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Trade receivables and contract assets of HK$166,314,000 and HK$28,157,000 (2019: HK$169,322,000 and HK$4,483,000) respectively are assessed based on a provision matrix within lifetime ECLs.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (Continued)

(i) Trade receivable and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets at 31 March 2020:

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
– Current (not past due)	0.01%–1.28%	154,685	453	154,232
– 1–30 days past due	0.03%–1.28%	22,362	35	22,327
– 31–90 days past due	0.03%–1.28%	10,050	37	10,013
– 91–180 days past due	1.86%	5,235	98	5,137
– 181–360 days past due	3.01%	2,130	64	2,066
– Over 360 days past due	33.81%	9	3	6
		194,471	690	193,781

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

At 31 March 2019, no material impairment allowance on trade receivables and contract assets is provided based on the provision matrix in accordance with HKFRS 9.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (Continued)

(i) Trade receivable and contract assets (Continued)

Movement in the loss allowance account in respect of trade receivables and contract assets during the year is as follows:

	2020 HK$'000	2019 HK$'000
At 1 April	–	–
Impairment losses recognised during the year	690	–
At 31 March	690	–

The following significant changes in the gross carrying amounts of trade receivables and contract assets contributed to the increase in the loss allowance:

– increase in days past due over 30 days resulted in an increase in loss allowance of HK$65,000.

No trade receivables and contract assets (2019: HK$129,000) has been written off during the year.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(a) Credit risk (Continued)

(ii) Other receivables and deposits for acquisition of subsidiaries

Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which was immaterial.

(iii) Pledged bank deposits and cash at bank

Cash is deposited with financial institutions with sound credit ratings and the Group has an exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from contract assets and trade and other receivables are set out in notes 18 and 19 respectively.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at 31 March 2020 of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2020 Contractual undiscounted cash flow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount at 31 March HK$'000
Non-derivative financial liabilities					
Trade and other payables	88,906	–	–	88,906	88,906
Lease liabilities	1,224	1,328	1,549	4,101	3,843
Promissory note payable	–	–	20,541	20,541	19,027
	90,130	1,328	22,090	113,548	111,776

	2019 Contractual undiscounted cash flow				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount at 31 March HK$'000
Non-derivative financial liabilities					
Trade and other payables	82,760	–	–	82,760	82,760
Bank loans	7,622	–	–	7,622	7,591
Liability component in convertible bonds	–	–	72,828	72,828	52,773
	90,382	–	72,828	163,210	143,124

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans and cash at banks. Banks loans issued at fixed rates expose the Group to fair value interest rate risk. The Group's interest rate profile as monitored by the management is set out in note (i) below.

The Group does not anticipate significant interest rate risk to cash at banks because the interest rates of bank deposits are not expected to change significantly. Other than short-term bank loans which carry interest at fixed interest rates, the Group has no other significant interest-bearing assets or liabilities. Therefore, the interest rate risk mainly arises from short-term bank loans.

However, the interest expenses derived therefrom are relatively insignificant to the Group's operations. Therefore, the Group's income and operating cash flows are less dependent on changes in market interest rates. Accordingly, the directors of the Company are of the opinion that the Group does not have significant cash flow and fair value interest rate risk and no sensitivity analysis is performed.

(i) Interest rate profile

The following table details the interest rate profile of the Group's bank loans at the end of each reporting period:

	2020		2019	
	Effective interest rate	**Amount HK$'000**	Effective interest rate	Amount HK$'000
Fixed rate borrowings:				
Bank loans	n/a	–	2.84%–4.06% per annum	7,591

(d) Foreign currency exchange risk

For presentation purposes, the Group's financial statements are shown in Hong Kong dollars, which is also the functional currency of the Company. The companies within the Group, whose functional currencies are different from Hong Kong dollars, have translated their financial statements into Hong Kong dollars for consolidation purpose.

The management considers that the Group is not exposed to significant foreign currency risk as majority of the Group's transactions are denominated in Hong Kong dollars. For the monetary assets and monetary liabilities denominated in other currencies, since the amounts are not material, the management considers the exposure of exchange rate fluctuation is not significant for the year. Accordingly, no foreign currency sensitivity analysis is presented.

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(e) Equity price risk

The Group is exposed to equity price changes arising from unlisted equity investments which are held for long term strategic purpose. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

At 31 March 2020, it is estimated that the possible increase of 5% in the price/earning ratios of comparable listed companies (for unlisted investments) with other variables held constant would have increased the Group's other components of consolidated equity by approximately HK$400,000 (2019: HK$1,800,000). Had the relevant price/earning ratios of comparable listed companies been 5% lower, there would have decreased the Group's other components of consolidated equity by approximately HK$300,000 (2019: HK$1,900,000).

The Group is also exposed to equity price risk arising from changes in the Company's own share price to the extent that the Company's own equity instruments underlie the fair values of (i) the contingent consideration payable; and (ii) derivative component in convertible bonds of the Group at the end of reporting period.

At 31 March 2019 and 2020, the management considers that the equity price risk of the contingent consideration payable and the derivative component in convertible bonds are insignificant and not applicable respectively and therefore no sensitivity analysis on such risk has been prepared.

(f) Fair values measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, that is, unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs, that is, observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair values measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

The Group engages an independent professional valuer performing valuation for its other financial asset, derivative component in convertible bonds and contingent consideration payable, which are categorised into Level 3 of the fair value hierarchy. Valuation report with analysis of changes in fair value measurement is prepared by independent valuer at each interim and annual reporting date, and is reviewed by management and approved by the directors of the Company. Discussion of the valuation process and results with management and the audit committee is held twice a year, to coincide with the reporting dates.

Description	Fair value at 31 March 2020 HK$'000	Fair value measurements as at 31 March 2020 categorised into Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Fair value at 31 March 2019 HK$'000	Fair value measurements as at 31 March 2019 categorised into Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurements								
Assets:								
Other financial asset	6,900	–	–	6,900	37,800	–	–	37,800
Liabilities:								
Contingent consideration payable	–	–	–	–	10,715	–	–	10,715
Derivative component in convertible bonds	–	–	–	–	2,951	–	–	2,951

During the years ended 31 March 2020 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair values measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Information about Level 3 fair value measurements

Description	Fair value at 31 March		Valuation technique	Significant inputs	Range of inputs	Change in the relevant significant inputs	Favourable/ (unfavourable) change in profit or loss	
	2020	2019					2020	2019
	HK$'000	HK$'000					HK$'000	HK$'000
Financial asset at fair value								
Other financial asset	6,900	37,800	Market-based approach	Marketability discount (note 1)	20.6%	+5%	(400)	(2,400)
						–5%	500	2,300
Financial liability at fair value								
Derivative component in convertible bonds	–	2,951	Binomial option pricing model	Expected volatility (note 2)	nil	+5%	–	(1,037)
						–5%	–	734

Notes:

1. The fair value measurement of other financial asset is negatively correlated to the marketability discount.

2. The fair value measurement of derivative component in convertible bonds is positively correlated to the expected volatility.

At 31 March 2019, the management considers that the probability-weighted profit would have insignificant effect to the fair value of contingent consideration payable and therefore no sensitivity analysis has been prepared.

The movements of contingent consideration payable and derivative components in convertible bonds during the year of these Level 3 fair value measurements are set out in notes 24 and 25 respectively.

30. FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(f) Fair values measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

Information about Level 3 fair value measurements (Continued)

The movement of other financial asset during the year of this Level 3 fair value measurement is set out below:

	2020 HK$'000	2019 HK$'000
At 1 April	**37,800**	71,709
Fair value change recognised in other comprehensive income	**(30,900)**	(33,909)
At 31 March	**6,900**	37,800

(ii) Fair value of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 March 2020 and 2019.

31. COMMITMENTS

At 31 March 2019, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2019 HK$'000
Within 1 year	1,133
After 1 year but within 5 years	208
	1,341

The Group is the lessee in respect of a number of properties and items of plant and machinery and office equipment held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases (see note 2(c)). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2(h), and the details regarding the Group's future lease payments are disclosed in note 26.

32. CAPITAL COMMITMENT

Acquisition of O2O Limited

On 6 December 2017, ICO IT Properties (Malaysia) Limited, a wholly-owned subsidiary of the Company, has entered into the conditional sale and purchase agreement with Rainbow Field Investment Limited, Teoh Teng Guan, Tan Yun Harn and Lau Chuen Yien Calvin at a consideration of RM145 million in relation to acquisition of the entire issued capital of O2O Limited. As at 31 March 2020, there is a capital commitment of RM30.2 million (2019: RM97.3 million) in relation to the proposed acquisition of O2O Limited.

Completion of the acquisition of O2O Limited is subject to the satisfaction of conditions precedent as set out in the conditional sale and purchase agreement. Subsequent to the year ended 31 March 2020, the proposed acquisition was completed. Details of the acquisition of O2O Limited are disclosed in note 19(d) to the consolidated financial statements.

33. CONTINGENT LIABILITIES

At 31 March 2020, performance bonds of HK$10,221,000 (2019: HK$26,470,000) were given by a bank in favour of customers of the Group to protect the customers from the Group's default on its obligation under the contracts. At 31 March 2020, the directors of the Company do not consider it probable that a claim will be made against the Group.

34. ACQUISITION OF ASSOCIATES

For the year ended 31 March 2019

On 20 June 2018, Value Digital Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with certain independent third parties to acquire 40% equity interest in PS International, a company incorporated in the BVI, through the acquisition of the entire equity interest in Catering Automation Limited. PS International holds 100% interest in PointSoft Limited. The acquisition was completed on 28 June 2018.

Catering Automation Limited is an investment holding company, and the sole asset of Catering Automation Limited acquired at the date of completion was the investments in associates (that is, PS International and PointSoft Limited). Details of the acquisition are disclosed in note 14.

35. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group has entered into the following transactions:

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees of the Group as disclosed in note 10, is as follows:

	2020 **HK$'000**	2019 HK$'000
Short-term employee benefits	**15,055**	9,189
Post-employment benefits	**113**	109
	15,168	9,298

Total remuneration is included in staff costs (see note 7(b)).

36. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Investments in subsidiaries	17	1	1
Amounts due from subsidiaries		–	284,327
		1	284,328
Current assets			
Amounts due from subsidiaries		344,465	–
Other receivables		41	–
Cash and cash equivalents		460	–
Tax recoverable		–	390
		344,966	390
Current liabilities			
Accrued expenses		(3,316)	(60)
Derivative component in convertible bonds		–	(2,951)
		(3,316)	(3,011)
Net current assets/(liabilities)		341,650	(2,621)
Total assets less current liabilities		341,651	281,707
Non-current liabilities			
Liability component in convertible bonds		–	(52,773)
Promissory note payable		(19,027)	–
		(19,027)	(52,773)
Net assets		322,624	228,934
Capital and reserves	29		
Share capital		15,562	11,741
Reserves		307,062	217,193
Total equity		322,624	228,934

Approved and authorised for issue by the board of directors on 30 June 2020 and were signed on its behalf by:

Leong Yeng Kit
Chairman and Executive Director

Lee Pei Ling
Executive Director

37. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 April 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2(c).

38. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

(a) Up to the date of the report, in relation to the Project CKB (note 19(d)), both the vendors and the Company considered that an online-to-offline trading platform requires further revision and development, and agrees to an extension of the timeline to fulfill the Payment Condition (J) in the Payment Schedule under Acquisition Agreements to a date no later than 30 November 2020.

Other than the online-to-offline trading platform, the completion of Project CKB took place on 2 June 2020. The O2O Limited and Nexus Primo SDN BHD becomes wholly-owned subsidiaries of the Company.

(b) Since January 2020, the outbreak on COVID-19 has impacted the global business environment. Up to the date of these consolidated financial statements, COVID-19 has resulted impact to the Group. Pending the development and spread of COVID-19 subsequent to the date of the consolidated financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these consolidated financial statements. The Group will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

39. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, Insurance contracts, which are not yet effective for the year ended 31 March 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, Definition of a business	1 January 2020*
Amendments to HKFRS 3, Reference to Conceptual Framework	1 January 2022
Amendments to HKAS 1 and HKAS 8, Definition of material	1 January 2020
Amendments to HKFRS 10 and HKAS 28 Sales or contribution of assets between an investor and its associate and joint venture	To be determined
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest rate benchmark reform	1 January 2020
New Standard, HKFRS 17 Insurance contracts	1 January 2021
Amendments to HKFRS 16, COVID-19-Related Rent Concessions	1 June 2020
Amendments to HKFRS 16, Property, Plant and Equipment–Proceeds before Intended use	1 January 2022
Amendments to HKAS 37, Onerous Contracts–Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRSs, Annual Improvements to HKFRSs 2018–2020	1 January 2022

* Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out below:

RESULTS

	Year ended 31 March				
	2016	2017	2018	2019	**2020**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Revenue	505,117	487,468	409,935	595,467	**606,290**
Profit/(loss) before taxation	39,607	41,592	(5,559)	96,918	**82,977**
Income tax	(6,630)	(7,684)	(1,524)	(3,734)	**(5,686)**
Profit/(loss) for the year	32,977	33,908	(7,083)	93,184	**77,291**
Profit/(loss) attributable to:					
Equity shareholders of the Company	28,817	30,445	(11,169)	83,920	**70,086**
Non-controlling interests	4,160	3,463	4,086	9,264	**7,205**
	32,977	33,908	(7,083)	93,184	**77,291**

ASSETS AND LIABILITIES

	At 31 March				
	2016	2017	2018	2019	**2020**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	244,543	248,250	329,493	509,503	**573,337**
Total liabilities	(88,540)	(64,224)	(117,594)	(169,617)	**(123,609)**
Total equity	156,003	184,026	211,899	339,886	**449,728**
Non-controlling interests	(6,917)	(4,500)	(5,989)	(12,068)	**(7,695)**
Total equity attributable to equity shareholders of the Company	149,086	179,526	205,910	327,818	**442,033**