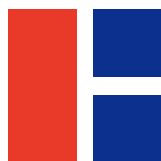


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ICO GROUP LIMITED

揚科集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1460)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

INTERIM RESULTS

The board of directors (the “**Board**”) of ICO Group Limited (the “**Company**”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2020, together with the comparative figures for the corresponding period in 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2020

		Six months ended	
		30 September	
		2020	2019
		(Unaudited)	(Unaudited)
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	281,123	331,230
Cost of sales		(234,653)	(277,157)
Gross profit		46,470	54,073
Other revenue and net income	5	5,526	467
General and administrative expenses		(31,599)	(44,702)
Impairment of trade receivables and contract assets		(140)	–
Change in fair value of contingent consideration payables		(860)	1,384
Change in fair value of derivative component in convertible bonds		–	(4,893)
Change in fair value of investment property		(1,836)	–
Gain on conversion of convertible bonds		–	22,005
Share of profit of associates		797	1,059
Share of profit of joint ventures		143	2
Finance costs	6(a)	(334)	(3,374)

* *For identification purposes only*

		Six months ended	
		30 September	
		2020	2019
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
Profit before taxation	6	18,167	26,021
Income tax	7	(4,102)	(1,661)
Profit for the period		14,065	24,360
Attributable to:			
Equity shareholders of the Company		10,973	21,076
Non-controlling interests		3,092	3,284
Profit for the period		14,065	24,360
Earnings per share	9		
Basic (<i>HK cents per share</i>)		0.18	0.44
Diluted (<i>HK cents per share</i>)		0.18	0.06

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	14,065	24,360
Other comprehensive income/(loss) for the period		
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)	1,400	(9,900)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	6,808	(35)
Other comprehensive income/(loss) for the period	8,208	(9,935)
Total comprehensive income for the period	22,273	14,425
Attributable to:		
Equity shareholders of the Company	19,181	11,141
Non-controlling interests	3,092	3,284
Total comprehensive income for the period	22,273	14,425

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

		At 30 September 2020 (Unaudited) <i>HK\$'000</i>	At 31 March 2020 (Audited) <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		48,037	49,655
Investment property		242,472	–
Intangible assets		238	316
Interests in associates		61,377	60,472
Interests in joint ventures		1,368	1,225
Other financial asset		8,300	6,900
Deposits for acquisition of subsidiaries		–	202,230
		361,792	320,798
Current assets			
Trade and other receivables	10	183,063	175,257
Contract assets		26,037	28,010
Tax recoverable		–	709
Pledged bank deposit		1,999	1,999
Time deposit		–	1,198
Cash and cash equivalents		91,778	45,366
		302,877	252,539
Current liabilities			
Trade and other payables	11	(89,908)	(88,906)
Contract liabilities		(18,773)	(11,125)
Lease liabilities		(1,205)	(1,103)
Tax payable		(3,940)	(547)
		(113,826)	(101,681)
Net current assets		189,051	150,858

		At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Total assets less current liabilities		550,843	471,656
Non-current liabilities			
Lease liabilities		(2,131)	(2,740)
Contingent consideration payables	12	(37,327)	–
Promissory note payable		(19,308)	(19,027)
Deferred tax liabilities		(161)	(161)
		<u>(58,927)</u>	<u>(21,928)</u>
Net assets		<u>491,916</u>	<u>449,728</u>
Capital and reserves			
Share capital		17,661	15,562
Reserves		467,045	426,471
		<u>484,706</u>	<u>442,033</u>
Total equity attributable to equity shareholders of the Company		484,706	442,033
Non-controlling interests		7,210	7,695
		<u>491,916</u>	<u>449,728</u>
Total equity		<u>491,916</u>	<u>449,728</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL

The Company was incorporated in the Cayman Islands on 26 April 2013 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. 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, 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, maintenance and support services, property leasing and e-commerce business.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 September 2020 have been prepared in accordance with the Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). It was authorised for issue on 27 November 2020.

The unaudited condensed consolidated financial statements has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2020, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31 March 2021. Details of any changes in accounting policies are set out in note 3.

This interim results announcement contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 March 2020. The unaudited condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

3. CHANGES IN ACCOUNTING POLICIES

The group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, Definition of a Business
- Amendment to HKFRS 16, COVID-19-Related Rent Concessions

Other than the amendment to HKFRS 16, the group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The application of the amendments to HKFRS in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

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

	For the six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
IT application and solution development	36,124	23,322
IT infrastructure solutions	163,026	224,007
Secondment services	12,461	25,472
Maintenance and support services	69,512	58,429
	<u>281,123</u>	<u>331,230</u>

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management (that is, the chief decision maker ("CODM"), the board of directors 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 period. The Group's other income and expense items, such as general and administrative expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, depreciation and amortisation, interest income and interest expenses is presented.

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 resource allocation and assessment of segment performance for the six months ended 30 September 2020 and 2019 is set out below.

	Six months ended 30 September 2020 (Unaudited)				
	IT application and solution development <i>HK\$'000</i>	IT infrastructure solutions <i>HK\$'000</i>	Secondment services <i>HK\$'000</i>	Maintenance and support services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by timing of revenue recognition					
– Point in time	–	163,026	–	35,064	198,090
– Over time	36,124	–	12,461	34,448	83,033
Revenue from external customers and reportable segment revenue	<u>36,124</u>	<u>163,026</u>	<u>12,461</u>	<u>69,512</u>	<u>281,123</u>
Reportable segment gross profit	<u>3,193</u>	<u>21,029</u>	<u>3,993</u>	<u>18,255</u>	<u>46,470</u>
	Six months ended 30 September 2019 (Unaudited)				
	IT application and solution development <i>HK\$'000</i>	IT infrastructure solutions <i>HK\$'000</i>	Secondment services <i>HK\$'000</i>	Maintenance and support services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Disaggregated by timing of revenue recognition					
– Point in time	–	224,007	–	24,722	248,729
– Over time	23,322	–	25,472	33,707	82,501
Revenue from external customers and reportable segment revenue	<u>23,322</u>	<u>224,007</u>	<u>25,472</u>	<u>58,429</u>	<u>331,230</u>
Reportable segment gross profit	<u>5,401</u>	<u>25,913</u>	<u>10,030</u>	<u>12,729</u>	<u>54,073</u>

(ii) *Geographic information*

Revenue from external customers

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	281,123	331,230
The People's Republic of China (the "PRC")	–	–
Malaysia	–	–
	<hr/>	<hr/>
	281,123	331,230
	<hr/> <hr/>	<hr/> <hr/>

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

Non-current assets

	At	At
	30 September	31 March
	2020	2020
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	108,826	109,288
The PRC	2,194	2,380
Malaysia	242,472	202,230
	<hr/>	<hr/>
	353,492	313,898
	<hr/> <hr/>	<hr/> <hr/>

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

5. OTHER REVENUE AND NET INCOME

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	16	55
Income from government subsidies	5,016	–
Marketing income	35	402
Net foreign exchange gain/(loss)	453	(46)
Other income	6	56
	<u>5,526</u>	<u>467</u>

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank borrowings	–	43
Interest on lease liabilities	53	25
Effective interest expenses on convertible bonds (<i>note</i>)	–	3,306
Effective interest expenses of promissory note	281	–
	<u>334</u>	<u>3,374</u>

Note: All outstanding convertible bonds were converted during the year ended 31 March 2020 and no outstanding convertible bonds were existed at 31 March 2020 and 30 September 2020.

(b) Staff costs (including directors' remuneration)

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries, wages and other benefits	51,786	62,666
Contributions to defined contribution retirement plans	1,581	2,612
	<u>53,367</u>	<u>65,278</u>

(c) **Other items**

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation of intangible assets	78	54
Depreciation charge:		
– owned property, plant and equipment	1,297	1,299
– right-of-use assets	617	609
	<u> </u>	<u> </u>

7. INCOME TAX

The taxation charged to profit or loss represents:

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	<u>4,102</u>	<u>1,661</u>

- (a) The statutory income tax rate of the Company and its subsidiaries operated in Hong Kong for the six months ended 30 September 2020 and 2019 was 16.5%, except for one subsidiary of the Company which is 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 for the six months ended 30 September 2019.

- (b) 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.
- (c) 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. For the six months ended 30 September 2020 and 2019, the PRC Enterprise Income Tax rate was 25% and the Malaysia Corporate Tax standard rate was 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 six months ended 30 September 2020 and 2019.

8. DIVIDENDS

The directors of the Company (the “**Directors**”) do not recommend the payment of any dividend for the six months ended 30 September 2020 (for the six months ended 30 September 2019: Nil).

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to equity shareholders of the Company of approximately HK\$10,973,000 (for the six months ended 30 September 2019: approximately HK\$21,076,000) and the weighted average number of 6,257,486,025 ordinary shares (for the six months ended 30 September 2019: 4,785,226,982 ordinary shares) in issue during the period.

(i) Weighted average number of ordinary shares

	Six months ended 30 September	
	2020 (Unaudited) <i>Number of shares</i>	2019 (Unaudited) <i>Number of shares</i>
Issued ordinary shares at 1 April	6,225,393,129	4,696,505,221
Effect of new shares issued	<u>32,092,896</u>	<u>88,721,761</u>
Weighted average number of ordinary shares	<u><u>6,257,486,025</u></u>	<u><u>4,785,226,982</u></u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of approximately HK\$10,973,000 (for the six months ended 30 September 2019: approximately HK\$3,140,000) and the weighted average number of ordinary shares of 6,257,486,025 shares (for the six months ended 30 September 2019: 5,268,402,054 ordinary shares), calculated as follow:

(i) Profit attributable to equity shareholders of the Company (diluted)

	Six months ended 30 September	
	2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>
Profit attributable to equity shareholders of the Company	10,973	21,076
Effect of change in fair value of contingent consideration payable	–	(1,384)
Effect of change in fair value of derivative component in convertible bonds	–	3,353
Effect of gain on conversion of convertible bonds	–	(22,005)
Effect of effective interest expense of convertible bonds	<u>–</u>	<u>2,100</u>
Profit attributable to equity shareholders of the Company (diluted)	<u><u>10,973</u></u>	<u><u>3,140</u></u>

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

	Six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	<i>Number of</i>	<i>Number of</i>
	<i>shares</i>	<i>shares</i>
Weighted average number of ordinary shares	6,257,486,025	4,785,226,982
Effect of conversion of convertible bonds	–	329,250,467
Effect of exercise of contingent consideration payable	–	153,924,605
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted)	<u>6,257,486,025</u>	<u>5,268,402,054</u>

For the six months ended 30 September 2019, the calculation of diluted earnings per share does not assume the conversion of certain convertible bonds with aggregate principal amount of HK\$43,753,612 since these conversions would result in anti-dilutive effect on earnings per share.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables, the ageing analysis of trade receivables, based on the date of billing, is as follows:

	At	At
	30 September	31 March
	2020	2020
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Within 1 month	103,270	125,903
1 to 3 months	59,628	28,669
Over 3 months	13,151	11,199
	<hr/>	<hr/>
	<u>176,049</u>	<u>165,771</u>

11. TRADE AND OTHER PAYABLES

Included in trade and other payables, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Within 1 month	35,479	26,999
1 to 3 months	36,781	33,163
Over 3 months	1	3,779
	<u>72,261</u>	<u>63,941</u>

12. CONTINGENT CONSIDERATION PAYABLES

	At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
Contingent consideration payables for acquisition of subsidiaries	<u>37,327</u>	<u>–</u>

During the period ended 30 September 2020, the fair value of contingent consideration payables at initial recognition were determined by the directors of the Company with reference to the valuation report prepared by an independent professional valuer.

Pursuant to the acquisition agreement, the Vendor guarantees to the Company a period of eighteen months from the completion date, the total gross rental net of taxes of Malaysia (including Goods and Services Tax) (“**Gross Rental**”) received in full by Nexus Primo Sdn. Bhd. (“**Nexus Primo**”) generated by the leases entered into for the investment property shall reach the sum of not less than RM10.15 million (“**Performance Guarantee**”). The Gross Rental shall be determined and certified by the auditors of Nexus Primo, whose determination shall be final and conclusive. In the event the Vendor fails to achieve the Performance Guarantee, the Company shall be entitled to deduct a sum of RM10.15 million from the consideration which would be effected by the non-issuance of the promissory note with principal amount of RM10.15 million in Hong Kong dollars under the Payment Schedule.

Apart from the aforesaid promissory note, the amount included the promissory note of RM20 million to be issued once the electronic platform is completed and with satisfactory of the Company, in accordance with the supplementary agreement signed on 2 June 2020.

13. CONTINGENT LIABILITIES

At 30 September 2020, a performance bond of HK\$10,221,000 (31 March 2020: HK\$10,221,000) was given by a bank in favour of a customer of the Group to protect the customer from the Group’s default on its obligation under the contract. The directors of the Company do not consider it probable that a claim will be made against the Group.

14. IMPACT OF NOVEL CORONAVIRUS DISEASE 2019 (“COVID-19”) PANDEMIC

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group’s operating environment and has impacted the Group’s operations and financial position. The Group has been closely monitoring the impact of the developments on the Group’s business and has put in place contingency measures.

15. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

Step acquisition from associates to subsidiaries

Pursuant to a sales and purchase agreement (the “**Agreement**”) entered into between the Group and the other shareholders on 27 August 2020, 30% equity interest of PS International Company Limited and its subsidiary (“**PS Group**”), the then associates of the Group, were acquired by the Group from the other shareholders, at a total consideration of HK\$18,000,000 subject to the profit guarantee as set out in the Agreement. The Group’s equity interest was increased from 40% to 70% after the completion of this transaction, i.e. on 6 October 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the following businesses: (i) provision of IT application and solution development services; (ii) provision of IT infrastructure solutions services; (iii) provision of secondment services; (iv) provision of maintenance and support services; and (v) property leasing and e-commerce business.

BUSINESS REVIEW AND OUTLOOK

For the six months ended 30 September 2020 (“**Interim 2020**”), the Group recorded a profit attributable to equity shareholders of the Company of approximately HK\$11.0 million as compared to the profit attributable to equity shareholders of the Company of approximately HK\$21.1 million for the six months ended 30 September 2019 (“**Interim 2019**”). As compared to Interim 2019, the decrease was primarily attributable to the net effect of: (i) a decrease in gross profit for the period by approximately HK\$7.6 million as compared to Interim 2019; (ii) a decrease in aggregate of change in fair value of derivative component in convertible bonds and gain on conversion of convertible bonds by approximately HK\$17.1 million as compared to Interim 2019; (iii) a decrease in change in fair value of contingent consideration payables and change in fair value of investment property by approximately HK\$2.2 million and approximately HK\$1.8 million as compared to Interim 2019; and (iv) a decrease in general and administrative expenses by approximately HK\$13.1 million as compared to Interim 2019 due to the decrease in payroll.

Provision of IT application and solution development services

This segment provides design and implementation of IT application solution and procurement of third party hardware and software. The revenue generated from this segment amounted to approximately HK\$36.1 million, representing approximately 12.9% of the total revenue for Interim 2020. The revenue derived from this segment increased by approximately 54.9% from approximately HK\$23.3 million for Interim 2019 to approximately HK\$36.1 million for Interim 2020. The significant increase was primarily due to commencement of implementation phase of various large scale new projects during Interim 2020 and the second half of the year ended 31 March 2020 (“**FY2020**”).

Provision of IT infrastructure solutions services

This segment provides IT infrastructure solutions services and sale of related IT hardware and software. The revenue generated from this segment amounted to approximately HK\$163.0 million, representing approximately 58.0% of the total revenue for Interim 2020. The revenue from this segment decreased by approximately 27.2% from approximately HK\$224.0 million for Interim 2019 to approximately HK\$163.0 million for Interim 2020. The decrease was primarily due to the outbreak of novel coronavirus disease 2019 (“**COVID-19**”) which inevitably led to the drop of revenue for Interim 2020.

Provision of secondment services

This segment provides secondment services for a fixed period of time pursuant to secondment service agreements. The revenue generated from this segment amounted to approximately HK\$12.5 million, representing approximately 4.4% of the total revenue for Interim 2020. The revenue derived from this segment decreased by approximately 51.1% from approximately HK\$25.5 million for Interim 2019 to approximately HK\$12.5 million for Interim 2020, the significant decrease was primarily due to (i) the decrease in demand for service from 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 this segment amounted to approximately HK\$69.5 million, representing approximately 24.7% of the total revenue for Interim 2020. The revenue derived from this segment increased by approximately 19.0% from approximately HK\$58.4 million for Interim 2019 to approximately HK\$69.5 million for Interim 2020, the increase was primarily due to the increase of new maintenance contracts awarded to the Group offset the subsequent completion of some contracts during Interim 2020.

Prospects

The Group continues to face various types of risk and uncertainties which may adversely affect its business, results and financial position. The key risks and uncertainties facing by the Group are detailed under the Report of Directors in the annual report 2019/20 of the Company for the year ended 31 March 2020. In order to mitigate the risks, the management of the Group would closely monitor the operations and financial position of the Group, as well as maintaining good relationship with customers and suppliers.

Looking forward, the uncertainty of the duration of the COVID-19 and the escalation of tensions between China & US, it is anticipated that the economic environment in Hong Kong will be unfavorable in the foreseeable future. However, the Group remains confident with the experienced management team, which will closely monitor the operations and financial performance of the Group on an ongoing basis, and will strengthen the cost savings initiatives in view of the challenging conditions. At the same time, the management and operation team will put their best efforts to manage the progress and costs of projects to enhance the competitiveness in sourcing projects, as well as providing differentiated professional services by the extensive relationship with reputable customers in different industries.

In light of the challenging market conditions, the Group will continue to explore the opportunities to enhance and strengthen the financial performance and maintain the continuous growth of the Group. From time to time, the management will keep close track to the economic environment, evaluate the business strategies in order to enhance the sustainable development, strengthen the competitive advantages and further generate the best returns to the shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue for Interim 2020 amounted to approximately HK\$281.1 million, representing a decrease of approximately HK\$50.1 million or 15.1% as compared to Interim 2019 (Interim 2019: approximately HK\$331.2 million). The decrease was mainly attributable to the decrease in revenue generated from provision of IT infrastructure solutions and secondment services of approximately HK\$61.0 million and HK\$13.0 million respectively, offset by the increase in revenue generated from provision of IT application and solution development, and maintenance and support services of approximately HK\$12.8 million and HK\$11.1 million, respectively.

Gross profit and gross profit margin

The Group's gross profit for Interim 2020 amounted to approximately HK\$46.5 million, representing a decrease of approximately HK\$7.6 million or 14.1% as compared to Interim 2019 (Interim 2019: approximately HK\$54.1 million), while the gross profit margin of the Group remained stable at approximately 16.5% for Interim 2020 (Interim 2019: approximately 16.3%). Although there was increase in gross profit margin for IT infrastructure solutions segment and maintenance and support services segment, the effect was being offset by the decrease in gross profit margin in IT application and solution development segment and secondment services segment.

General and administrative expenses

The Group's general and administrative expenses for Interim 2020 amounted to approximately HK\$31.6 million, representing a decrease of approximately HK\$13.1 million or 29.3% as compared to Interim 2019 (Interim 2019: approximately HK\$44.7 million). The decrease was mainly due to the decrease in staff cost attributed to prudent policy on the discretionary bonus accrued for the management and general staff with reference to the financial performance in Interim 2020.

Change in fair value of contingent consideration payables, derivative component in convertible bonds and investment property

Contingent consideration payables, derivative component in convertible bonds and investment property were recognised by the Group as a result of the acquisitions made by the Group, namely acquisition of 40% equity interest of PointSoft Limited ("**PointSoft**") and the e-Marketplace project in Malaysia with both physical stores and online trading platform ("**Project CKB**"). As the contingent consideration payable of PointSoft was settled during Interim 2019, and all outstanding convertible bonds were converted during FY2020, so there is no change in fair value of contingent consideration payable and derivative component in convertible bonds in Interim 2020. On 2 June 2020, the acquisition of Project CKB was completed. As a result, investment property and contingent consideration payables were

recognized during Interim 2020. According to the relevant accounting standards, these investment property and financial liabilities are required to be remeasured at fair value at the end of each reporting period with the remeasurement gain or loss recognised in profit or loss. As a result, with reference to valuation reports prepared by independent professional valuers, valuation gain or loss on these investment property and financial liabilities were determined and recognised for Interim 2019 and Interim 2020. Nevertheless, the valuation gains or losses were merely results of accounting treatments and do not have any actual impacts on the results of the operations and cash flows of the Group. For details of the acquisitions of PointSoft and Project CKB, 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**”) also 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 and 1 November 2019, 6 February 2020, 28 February 2020 and 2 June 2020 (collectively the “**Project CKB Announcements and Circular**”).

Finance costs

The Group’s finance cost for Interim 2020 amounted to approximately HK\$0.3 million, representing a decrease of approximately HK\$3.0 million or 90.1% as compared to Interim 2019 (Interim 2019: approximately: HK\$3.4 million). The decrease in finance costs for Interim 2020 was mainly due to the decrease in aggregate of 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 flows impacts to the Group and there was no interest expenses arising from bank borrowings of the Group for Interim 2020, as all outstanding bank loans were fully settled during FY2020.

Income tax

As the valuation gains nor losses recognised by the Group are not taxable or deductible, the effective tax rate of the Group for Interim 2020 was approximately 23%, representing an increase of approximately 17% as compared to Interim 2019.

Profit for the period

The Group recorded a net profit of approximately HK\$14.1 million for Interim 2020, as compared to a net profit of approximately HK\$24.4 million for Interim 2019. The decrease was mainly attributable to the net effect of: (i) a decrease in gross profit for the period by approximately HK\$7.6 million as compared to Interim 2019; (ii) a decrease in aggregate of change in fair value of derivative component in convertible bonds and gain on conversion of convertible bonds by approximately HK\$17.1 million as compared to Interim 2019; (iii) a decrease in change in fair value of contingent consideration payables and change in fair value of investment property by approximately HK\$4.0 million as compared to Interim 2019; and (iv) a decrease in general and administrative expenses by approximately HK\$13.1 million as compared to Interim 2019 due to the decrease in payroll.

USE OF PROCEEDS

Issue of 839,000,000 placing shares

On 27 August 2020, the Company entered into the placing agreement with the placing agent in relation to placing of 839,000,000 placing shares at the placing price of HK\$0.028 per placing share to independent investors under general mandate. On 24 September 2020, the Company completed the placing of 839,000,000 placing shares. The net proceeds from the placing amounted to approximately HK\$22.8 million.

The below table sets out the intended use of net proceeds and utilisation of the net proceeds as at 30 September 2020:

Intended use	Intended	Utilised	Unutilised
	use of	of the net	of the net
	net proceeds	proceeds	proceeds
	up to	up to	up to
	30 September	30 September	30 September
	2020	2020	2020
	HK\$ million	HK\$ million	HK\$ million
	(approximately)	(approximately)	(approximately)
Settlement of the consideration	18.0	18	–
Further business development	4.8	–	4.8
Total	<u>22.8</u>	<u>18</u>	<u>4.8</u>

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

As at 30 September 2020, the shareholders' funds of the Group amounted to approximately HK\$484.7 million (as at 31 March 2020: approximately HK\$442.0 million). Current assets were approximately HK\$302.9 million (as at 31 March 2020: approximately HK\$252.5 million), mainly comprised of cash and cash equivalents of approximately HK\$91.8 million (as at 31 March 2020: approximately HK\$45.4 million), trade and other receivables and contract assets of approximately HK\$209.1 million (as at 31 March 2020: approximately HK\$203.3 million). Current liabilities mainly comprised of trade and other payables and contract liabilities of approximately HK\$108.7 million (as at 31 March 2020: approximately HK\$100.0 million).

The changes in current assets and current liabilities of the Group were primarily due to:

- (i) the increase in the aggregate amount of trade and other receivables and contract assets arising from services rendered in yet pending for settlement in accordance with the payment schedule set out in contracts with customers;
- (ii) the increase in cash and cash equivalents arising from the steady cash inflow from IT infrastructure solutions segment during Interim 2020; and
- (iii) the increase in trade creditors (included in trade and other payables) arising from increased purchases made by the Group but not yet due for settlement.

As at 30 September 2020, the Group has unutilised bank facilities amounted to approximately HK\$56.8 million. The net asset value per share attributable to equity shareholders of the Company as at 30 September 2020 was approximately HK\$0.07 (as at 31 March 2020: approximately HK\$0.07). The Group's gearing ratio, expressed as a percentage of promissory note payable and contingent consideration payables over total equity, was approximately 11.5% (as at 31 March 2020: 4.2%). As at 30 September 2020, the liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was approximately 2.7 times (as at 31 March 2020: approximately 2.5 times).

CAPITAL STRUCTURE

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

During Interim 2020, the Company had the following change in its share capital:

On 24 September 2020, an aggregate of 839,000,000 placing shares have been placed by the placing agent in respect of the acquisition at PointSoft pursuant to the placing agreement entered on 27 August 2020.

As at 30 September 2020 and 31 March 2020, the Company's issued share capital was approximately HK\$17,661,000 and HK\$15,562,000 respectively and the number of its issued ordinary shares was 7,064,393,129 and 6,225,393,129 of HK\$0.0025 each respectively.

During Interim 2020 and Interim 2019, the Group's capital is mainly derived from long term debt, (being convertible bonds and promissory note) net proceeds from placing and retained profit of the Group. When managing its capital, the Group's primary objectives are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. During Interim 2020 and Interim 2019, the convertible bonds issued by the Company carried no interest and the promissory note issued by the Company carry interest of 2% per annum.

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.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group is exploring investment opportunities from time to time that would benefit the shareholders of the Company as a whole. Should there is any concrete plan for material investments and capital assets, the Company shall publish announcement(s) as and when appropriate according to the Listing Rules.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During Interim 2020 and up to the date of this interim results announcement, except for the further acquisition of 30% equity interest in PointSoft, the Group did not entered into any material acquisitions or disposals of subsidiaries and affiliated companies. For details of the acquisition, please refer to the PointSoft Announcements.

During Interim 2019, the Group did not enter into any new material acquisitions or disposals of subsidiaries and affiliated companies.

SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS

Significant investments held as at 30 September 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 and which principally engages in IT infrastructure business with a focus on IT & telecommunication infrastructures and data centre industry. With reference to a valuation report prepared by an independent professional valuer, as at 30 September 2020, the fair value of this investment (recorded as other financial asset in the Group’s consolidated statement of financial position) was approximately HK\$8.3 million, represented a discount of approximately 88% to its cost and approximately 1% of the Group’s total asset (the fair value as at 31 March 2020 by independent valuer: HK\$6.9 million). During Interim 2020, no dividend has been received from the investment.

Up to the date of this interim results announcement, the management account of INAX for the 6 months ended 31 October 2020 (unaudited) showed that there is a significant decrease in profit of approximately 36% for the 6 months ended 31 October 2020 as compared with last corresponding period. Upon enquiry on the management of INAX, the primary reasons for the significant decrease in profit during Interim 2020 were due to 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. During Interim 2020, 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 provide with the 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

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. On 27 August 2020, the Group entered into a sale and purchase agreement to further acquire 30% equity interest in PointSoft at a cost of HK\$18 million, and the transaction was completed on 6 October 2020. Upon the completion, the Group holds a total of 70% equity interest in PointSoft, and PointSoft became an indirect non-wholly owned subsidiary of the Company. Accordingly, the financial results of PointSoft will be consolidated into the Company's consolidated financial statements and not disclose as investment. As at 30 September 2020, the carrying value of this investment (recorded as interests in associates in consolidated statement of financial position) is approximately HK\$59.2 million, represents approximately 9% of the Group's total asset. 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 unaudited management account of PointSoft (unaudited) for the period ended 30 September 2020 showed that there were 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) sharing 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.

(iii) Project CKB

On 6 December 2017, the Company entered into an agreement to acquire the entire issued capital O2O Limited at a cost of RM145 million, which is currently through a subsidiary in Malaysia developing an e-Marketplace project with both physical stores and online trading platforms the Project CKB. The acquisition of Project CKB was completed on 2 June 2020, the Group has recorded the investment property in consolidated statement of financial position. As at 30 September 2020, with reference to a valuation report prepared by an independent professional valuer, the carrying amount of the investment property is approximately HK\$242.5 million, representing approximately 36% of the Group's total asset. During Interim 2020, Project CKB did not generate any revenue and record a net loss of approximately HK\$0.3 million, as affected by the outbreak of COVID-19. For details of the acquisition, please refer to Project CKB Announcements and Circular.

By acquiring Project CKB, it is expected that the Group shall be able to diversify its revenue sources by receiving stable rental income from the physical stores as well as service income from the online trading platform. Although the property market in Malaysia including Kuala Lumpur has been relatively sluggish in recent years and there is an oversupply issue in certain segments of the property market, the Group expected that the forecasted economic growth in future years shall provide support for the property price and it was a good timing to invest in the project at a relatively low cost. Based on the above factors, the Group is optimistic on the future prospect of the investment.

Other investments held as at 30 September 2020

In addition to the abovementioned significant investments, as at 30 September 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\$1.4 million and approximately HK\$2.2 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 (the "**DeepSolutions Group**"). As disclosed in the announcement of the Company dated 8 August 2018, DeepSolutions Limited and DeepTranslate Limited are the 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. During Interim 2020, it recorded a net profit of approximately HK\$0.4 million. As at 30 September 2020, the carrying amount of DeepSolutions Group was approximately HK\$1.4 million, represented approximately 0.2% of the Group's total assets.

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 the limited companies incorporated in Hong Kong and the PRC respectively established by the Group and other parties pursuant to an agreement. Bao Cheng Group aims at vaccine production business. During Interim 2020, Bao Cheng Group did not generate any revenue and record a net loss of approximately HK\$0.9 million, as at 30 September 2020, the carrying amount of Bao Cheng Group was approximately HK\$2.2 million, represented approximately 0.3% of the Group’s total assets. Bao Cheng Group is an unlisted corporate entity which quoted market price is not available.

Apart from the above, the Group did not acquire or hold any other significant investments as at 30 September 2020. 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 30 September 2020

The Group acquired an office premises and a carpark space 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 space as up to the date of this interim results announcement. Apart from the above, the Group did not acquire or hold any other significant capital assets during Interim 2020 and FY2020.

CONTINGENT LIABILITIES

For Interim 2020, 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 customers from the Group’s default on its obligation under the contracts. As the customers demand compensation for the Group’s default shall under the performance bond, the Group will be liable to reimburse the bank up to the full amount of the performance bond. On 23 October 2019, the performance bond issued on 2 October 2018 was withdrawn. Except for the above, the Group had no other material contingent liabilities as at 30 September 2020 and up to the date of this interim results announcement.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

For Interim 2019, the Group 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 Interim 2020 and Interim 2019 was therefore considered to be manageable, and the Group did not engage in any hedging activity.

For Interim 2020, besides the limited currency exchange rate fluctuation risks encountered before, the Group faced foreign exchange exposure after the completion of acquisition 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 GROUP'S ASSETS

As at 30 September 2020, except for the pledged bank deposit of approximately HK\$2.0 million (as at 31 March 2020: approximately HK\$2.0 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\$39.1 million (as at 31 March 2020: approximately HK\$39.9 million) pledged to a bank for a revolving term loan facility of HK\$52.0 million (as at 31 March 2020: HK\$52.0 million) used to finance the working capital of the Group, there was no charge on the Group's assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group employed a total of 234 full-time employees (as at 30 September 2019: 203). The staff costs, including Directors' emoluments, of the Group were approximately HK\$53.4 million for Interim 2020 (for Interim 2019: approximately HK\$65.3 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.

OTHER INFORMATION

Corporate Governance Practices

The Board recognised that transparency and accountability is important to a listed company. Therefore, the Company is committed to establish and maintain good corporate governance practices and procedures. The Directors believe that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture which would benefit to the Company's stakeholders as a whole.

For the six months ended 30 September 2020, 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**"), save for the deviations from the code provision A.2.1 and A.6.7 as explained below:

- (1) 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 Interim 2020, Mr. Lee Cheong Yuen acted as the chairman of the Board (the "**Chairman**") and the Chief Executive Officer of the Company from 1 April 2020 to

22 April 2020. Since 23 April 2020 and up to the date of this interim results announcement, Mr. Leong Yeng Kit (“**Mr. Leong**”) 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, who acts as the Chairman and an Executive Director of the Company since 23 April 2020 and 22 April 2020 respectively, 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.

- (2) Under the code provision of 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.

Five non-executive Directors and three independent non-executive Directors were unable to attend the annual general meeting of the Company held on 25 September 2020 due to their business commitment and other engagements.

The Directors will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements from time to time, and to meet the rising expectation of shareholders and other stakeholders of the Company.

Directors’ Securities Transactions

The Company has adopted the code of conduct regarding Directors’ securities transactions as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules. In response to a specific enquiry by the Company, all Directors confirmed that they have complied with the Model Code throughout the six months ended 30 September 2020.

Change in Directors' Information

Changes in Directors' Information up to the date of this interim results announcement, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, is set out below:

- (i) Mr. Lee Cheong Yuen has been appointed as executive director of the Company with effect from 1 November 2020. For details of the appointment, please refer to the announcement published by the Company on 30 October 2020; and
- (ii) Mr. Chiu King Yan has been appointed as independent non-executive director of Hailiang International Holdings Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 2336) with effect from 1 September 2020.

Purchase, Sale or Redemption of Listed Securities

During the six months ended 30 September 2020 and 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company.

Competing Interests

The Directors are not aware of any business or interest of the Directors nor the substantial shareholders 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 six months ended 30 September 2020 and 2019.

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**”). Under the terms of the Scheme, the Board may, at its discretion, grant options to eligible participants to subscribe shares of the Company.

No options were granted since the Adoption Date and up to the date of this interim results announcement, the Company had 400,000,000 shares available for issue under the Scheme (representing 10% of the issued capital of the Company as at the date when the Scheme was approved and adopted). For further details of the Scheme, please refer to the Company's circular dated 27 June 2016.

Event after the Reporting Period

On 6 October 2020, all of the acquisition conditions set out in the sale and purchase agreement have been fulfilled and the acquisition completion took place. Upon the acquisition completion, the Group holds a total of 70% equity interest in the PS International Company Limited and PointSoft Limited (“**PointSoft Group**“) and it became indirect non-wholly owned subsidiaries of the Company. Accordingly, the financial results of the PointSoft Group will be consolidated into the Company’s consolidated financial statements. For details of the acquisition, please refer to the PointSoft Announcements.

Audit Committee and Review of Interim Results

The Company has established the audit committee (the “**Audit Committee**“) with written terms of reference in compliance with the Listing Rules, in accordance with provisions set out in the CG Code which are available on the websites of The Stock Exchange of Hong Kong Limited and the Company.

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020 and was of the opinion that such statements had been prepared in compliance with the applicable accounting standards and the Listing Rules.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.1460.hk) respectively. The interim report of the Company for the six months ended 30 September 2020 containing all the information required by the Listing Rules will be despatched to the Company’s shareholders and published on the above websites in December 2020.

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

Hong Kong, 27 November 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Leong Yeng Kit, Ms. Lee Pei Ling and Mr. Lee Cheong Yuen; and the independent non-executive Directors of the Company are Mr. Gan Cheng Khuan, Ms. Yvonne Low Win Kum and Mr. Chiu King Yan.