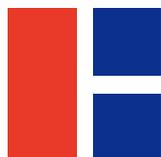


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**ICO GROUP LIMITED**

**揚科集團有限公司\***

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

**(Stock code: 1460)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 MARCH 2021**

**ANNUAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of ICO Group Limited (the “**Company**”) is presenting the audited results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2021, together with comparative audited figures for the preceding financial year, as follows:

\* For identification purposes only

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	4	637,340	606,290
Cost of sales		<u>(527,064)</u>	<u>(488,718)</u>
<b>Gross profit</b>		<b>110,276</b>	117,572
Other revenue	5	9,478	626
Other net (loss)/gain	6	(5,974)	88
General and administrative expenses		(76,424)	(89,884)
Reversal of/(impairment) of trade receivables and contract assets		120	(690)
Change in fair value of investment property		(14,123)	–
Change in fair value of contingent consideration payables		(990)	1,384
Change in fair value of derivative component in convertible bonds		–	(1,146)
Gain on conversion of convertible bonds		–	105,110
Impairment of deposits for acquisition of subsidiaries		–	(43,336)
Share of profit/(loss) of associates		801	(782)
Share of profit/(loss) of joint ventures		227	(811)
Finance costs	7(a)	<u>(754)</u>	<u>(5,154)</u>
<b>Profit before taxation</b>	7	<b>22,637</b>	82,977
Income tax	8	<u>(6,612)</u>	<u>(5,686)</u>
<b>Profit for the year</b>		<b><u>16,025</u></b>	<b><u>77,291</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		8,099	70,086
Non-controlling interests		<u>7,926</u>	<u>7,205</u>
<b>Profit for the year</b>		<b><u>16,025</u></b>	<b><u>77,291</u></b>
			(restated)
<b>Earnings/(loss) per share</b>	10		
Basic (HK cents per share)		1.2	13.4
Diluted (HK cents per share)		<u>1.2</u>	<u>(5.2)</u>

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

*For the year ended 31 March 2021*

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Profit for the year</b>	<b>16,025</b>	77,291
<b>Other comprehensive income/(loss) for the year</b>		
Item 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)	<b>800</b>	(30,900)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<b>9,204</b>	(72)
<b>Total comprehensive income for the year</b>	<b>26,029</b>	46,319
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>18,103</b>	39,114
Non-controlling interests	<b>7,926</b>	7,205
<b>Total comprehensive income for the year</b>	<b>26,029</b>	46,319

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	<i>Note</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>46,756</b>	49,655
Investment property		<b>231,067</b>	–
Goodwill		<b>49,473</b>	–
Intangible assets		<b>21,965</b>	316
Interests in associates		<b>2,177</b>	60,472
Interests in joint ventures		<b>1,452</b>	1,225
Other financial asset		<b>7,700</b>	6,900
Deposits for acquisition of subsidiaries		<b>–</b>	202,230
		<b>360,590</b>	320,798
<b>Current assets</b>			
Inventories		<b>851</b>	–
Trade and other receivables	11	<b>150,895</b>	175,257
Contract assets		<b>79,720</b>	28,010
Tax recoverable		<b>405</b>	709
Pledged bank deposit		<b>1,999</b>	1,999
Time deposit		<b>–</b>	1,198
Cash and cash equivalents		<b>106,810</b>	45,366
		<b>340,680</b>	252,539
<b>Current liabilities</b>			
Trade and other payables	12	<b>(103,013)</b>	(88,906)
Contract liabilities		<b>(28,178)</b>	(11,125)
Lease liabilities		<b>(1,360)</b>	(1,103)
Contingent consideration payables		<b>(37,457)</b>	–
Tax payable		<b>(1,261)</b>	(547)
		<b>(171,269)</b>	(101,681)
<b>Net current assets</b>		<b>169,411</b>	150,858
<b>Total assets less current liabilities</b>		<b>530,001</b>	471,656

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Lease liabilities	(1,491)	(2,740)
Promissory note payable	(19,591)	(19,027)
Deferred tax liabilities	(3,754)	(161)
	<u>(24,836)</u>	<u>(21,928)</u>
<b>Net assets</b>	<b><u>505,165</u></b>	<b><u>449,728</u></b>
<b>Capital and reserves</b>		
Share capital	17,661	15,562
Reserves	465,967	426,471
	<u>483,628</u>	<u>442,033</u>
<b>Total equity attributable to equity shareholders of the Company</b>	<b>483,628</b>	442,033
Non-controlling interests	21,537	7,695
	<u>505,165</u>	<u>449,728</u>
<b>Total equity</b>	<b><u>505,165</u></b>	<b><u>449,728</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

ICO Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 26 April 2013 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. The Company’s registered office address is Windward 3, Regatta Office Park, 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 services, IT infrastructure solutions services, IT secondment services, IT maintenance and support services, and property leasing and e-commerce business.

#### Significant event during the year

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.

As such, the financial positions and performance of the Group were affected in different aspects as disclosed in the relevant notes to the consolidated financial statements.

### 2. CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”):

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*.

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 3. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2021 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:

- Investment property
- Financial asset at fair value through other comprehensive income (“FVOCI”) (non-recycling)
- Contingent consideration payables

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 4. REVENUE AND SEGMENT REPORTING

##### (a) Revenue

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
IT application and solution development services	129,081	49,733
IT infrastructure solutions services	352,851	408,846
IT secondment services	21,981	39,653
IT maintenance and support services	133,427	108,058
E-commerce business	–	–
	<u>637,340</u>	<u>606,290</u>
Property leasing	–	–
	<u><u>637,340</u></u>	<u><u>606,290</u></u>

Revenue from major customers who have individually contributed 10% or more of the total revenue of the Group during the year are disclosed as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer 1	133,569	–
Customer 2	76,804	–
	<u>          </u>	<u>          </u>

For the year ended 31 March 2021, the above customers are from IT application and solution development services segment, IT infrastructure solutions services segment, and IT maintenance and support services segment.

For the year ended 31 March 2020, there is no major customer contributions for 10% or more of the Group's revenue.

**(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 operating decision maker ("CODM")), for the purposes of resources allocation and performance assessment, the Group has presented the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- 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.
- IT infrastructure solutions services: this segment provides IT infrastructure solutions services and sale of IT infrastructure solution related hardware and software.
- IT secondment services: this segment provides IT secondment services for a fixed period of time pursuant to the secondment service agreements.
- IT maintenance and support services: this segment provides IT maintenance and support services.
- Property leasing and e-commerce business: this segment provides property leasing services and online trading platform 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 expense 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 resources allocation and assessment of segment performance for the years ended 31 March 2021 and 2020 is set out below.

	Year ended 31 March 2021					Total HK\$'000
	IT application and solution development services HK\$'000	IT infrastructure solutions services HK\$'000	IT secondment services HK\$'000	IT maintenance and support services HK\$'000	Property leasing and e-commerce business HK\$'000	
Disaggregated by timing of revenue recognition						
- Point in time	-	352,851	-	50,345	-	403,196
- Over time	129,081	-	21,981	83,082	-	234,144
Revenue from external customers and reportable segment revenue	<u>129,081</u>	<u>352,851</u>	<u>21,981</u>	<u>133,427</u>	<u>-</u>	<u>637,340</u>
Reportable segment gross profit	<u>22,999</u>	<u>48,665</u>	<u>7,234</u>	<u>31,378</u>	<u>-</u>	<u>110,276</u>
Lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Year ended 31 March 2020					Total HK\$'000
	IT application and solution development services HK\$'000	IT infrastructure solutions services HK\$'000	IT secondment services HK\$'000	IT maintenance and support services HK\$'000	Property leasing and e-commerce business 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	<u>49,733</u>	<u>408,846</u>	<u>39,653</u>	<u>108,058</u>	<u>-</u>	<u>606,290</u>
Reportable segment gross profit	<u>18,140</u>	<u>49,826</u>	<u>16,092</u>	<u>33,514</u>	<u>-</u>	<u>117,572</u>

(ii) **Geographic information**

*Revenue from external customers*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong (place of domicile)	637,340	606,290
The People's Republic of China (the "PRC")	–	–
Malaysia	–	–
	<u>637,340</u>	<u>606,290</u>

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

*Non-current assets*

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong (place of domicile)	121,782	109,288
The PRC	41	2,380
Malaysia	231,067	202,230
	<u>352,890</u>	<u>313,898</u>

The above information is about the geographical location of the Group's property, plant and equipment, investment property, goodwill, 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 and investment property, 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 goodwill, intangible assets, interests in associates and joint ventures.

**5. OTHER REVENUE**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income*	59	66
Income from government subsidies	9,198	–
Marketing income	122	501
Others	99	59
	<u>9,478</u>	<u>626</u>

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

**6. OTHER NET (LOSS)/GAIN**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss on remeasurement of existing interest in an associate upon business acquisition	(5,615)	–
Net foreign exchange (loss)/gain	(359)	88
	<u>(5,974)</u>	<u>88</u>

**7. PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging:

**(a) Finance costs**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Total interest expense on financial liabilities not at fair value through profit or loss:		
– Interest on bank overdraft	2	–
– Interest on bank loans	–	44
– Interest on lease liabilities	188	36
Effective interest expense of convertible bonds	–	4,862
Effective interest expense of promissory note	564	212
	<u>754</u>	<u>5,154</u>

**(b) Staff costs (including directors' emoluments)**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Salaries, wages and other benefits	109,182	123,236
Contributions to defined contribution retirement plan	3,451	2,871
	<u>112,633</u>	<u>126,107</u>

(c) **Other items**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of hardware and software sold	422,587	356,761
Amortisation of intangible assets	2,542	192
Depreciation charge		
– owned property, plant and equipment	2,654	2,597
– right-of-use asset	1,442	1,218
Loss on disposal of property, plant and equipment	–	17
Auditors' remuneration		
– audit services	880	800
– other services	88	168
(Reversal of)/impairment of trade receivables and contract assets	(120)	690
	<u>422,587</u>	<u>356,761</u>

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

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	7,011	5,686
<b>Deferred tax</b>	(399)	–
	<u>6,612</u>	<u>5,686</u>

- (i) The provision for Hong Kong Profits Tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year ended 31 March 2021 and 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 2020.

The provision for Hong Kong Profits Tax for the year ended 31 March 2021 has taken into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2020–21 subject to a maximum reduction of HK\$10,000 for each business (2020: a maximum reduction of HK\$20,000 was granted for the year of assessment 2019–20 and was taken into account in calculating the provision for the year ended 31 March 2020).

- (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 subjected to a concessionary PRC Enterprise Income Tax rate. A Malaysia subsidiary of the Group subjected to 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 2021 and 2020.

## 9. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend for the year ended 31 March 2021 (2020: Nil).

## 10. 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 HK\$8,099,000 (2020: HK\$70,086,000) and the weighted average number of 672,419,587 (2020: 521,560,961 (restated)) ordinary shares in issue during the year.

#### (i) *Weighted average number of ordinary shares*

	<b>2021</b> <i>Number of shares</i>	2020 <i>Number of shares (restated)</i>
Issued ordinary shares at 1 April	<b>622,539,313</b>	469,650,522
Effect of shares issued	<b>49,880,274</b>	51,910,439
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 March	<b>672,419,587</b>	521,560,961
	<hr/> <hr/>	<hr/> <hr/>

### (b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit/(loss) attributable to equity shareholders of the Company of HK\$8,099,000 (2020: HK\$(30,400,000)) and the weighted average number of 672,419,587 (2020: 579,177,229 (restated)) ordinary shares, calculated as follow.

#### (i) *Profit/(loss) attributable to equity shareholders of the Company (diluted)*

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit attributable to equity shareholders of the Company	<b>8,099</b>	70,086
Effect of change in fair value of contingent consideration payables	–	(1,384)
Effect of change in fair value of derivative component in convertible bonds	–	1,146
Effect of gain on conversion of convertible bonds	–	(105,110)
Effect of effective interest expense of convertible bonds	–	4,862
	<hr/>	<hr/>
Profit/(loss) attributable to equity shareholders of the Company (diluted)	<b>8,099</b>	(30,400)
	<hr/> <hr/>	<hr/> <hr/>

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

	2021 <i>Number of shares</i>	2020 <i>Number of shares (restated)</i>
Weighted average number of ordinary shares at 31 March	672,419,587	521,560,961
Effect of conversion of convertible bonds	–	49,920,038
Effect of exercise of contingent consideration payables	–	7,696,230
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 31 March	<b>672,419,587</b>	<b>579,177,229</b>
	<hr/> <hr/>	<hr/> <hr/>

The weighted average number of ordinary shares for the purpose of basic and diluted loss per share has been adjusted for share consolidation on 8 December 2020.

**11. 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	104,477	125,903
1 to 3 months	11,865	28,669
Over 3 months	14,220	11,199
	<hr/>	<hr/>
	<b>130,562</b>	<b>165,771</b>
	<hr/> <hr/>	<hr/> <hr/>

**12. TRADE AND OTHER PAYABLES**

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	40,998	26,999
1 to 3 months	42,145	33,163
Over 3 months	268	3,779
	<hr/>	<hr/>
	<b>83,411</b>	<b>63,941</b>
	<hr/> <hr/>	<hr/> <hr/>

### **13. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD**

On 29 March 2021, the Company entered into the placing agreement with the placing agent, pursuant to which the placing agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 141,287,000 placing shares at the placing price of HK\$0.220 per placing share.

The gross proceeds from the placing was approximately HK\$31.08 million, and the net proceeds from the placing, after deduction of the placing commission in respect of the placing and other related expenses, was approximately HK\$30.52 million.

All of the conditions have been fulfilled and the completion of the placing took place on 20 April 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

Established in 1992, the Group is an IT services 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 services; (iii) provision of IT secondment services; (iv) provision of IT maintenance and support services and (v) property leasing and e-commerce business.

For the year ended 31 March 2021 (“**FY2021**”), the revenue of the Group was approximately HK\$637.3 million, representing an increase of approximately HK\$31.1 million or 5% as compared to the year ended 31 March 2020 (“**FY2020**”), 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 IT maintenance and support services segment. For FY2021, the Group recorded profit before taxation of approximately HK\$22.6 million (2020: approximately HK\$83.0 million), profit before interests, tax, depreciation and amortisation of approximately HK\$30.0 million (2020: approximately HK\$92.1 million) and profit attributable to equity shareholders of the Company of approximately HK\$8.1 million (2020: approximately HK\$70.1 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 this segment amounted to approximately HK\$129.1 million, representing approximately 20% of the total revenue for FY2021. The revenue derived from this segment increased by approximately 160% from approximately HK\$49.7 million for FY2020 to approximately HK\$129.1 million for FY2021. The significant increase was primarily due to the commencement of implementation phase of various new projects during FY2021.

### Provision of IT infrastructure solutions services

This segment provides IT infrastructure solutions services and sale of IT infrastructure solutions related hardware and software. The revenue generated from this segment amounted to approximately HK\$352.9 million, representing approximately 56% of the total revenue for FY2021. The revenue derived from this segment decreased by approximately 14% from approximately HK\$408.8 million for FY2020 to approximately HK\$352.9 million for FY2021. The decrease was primarily due to the outbreak of novel coronavirus disease 2019 (“**COVID-19**”) which inevitably led to the drop of revenue in FY2021. This offset the revenue contributed by PointSoft Limited (“**PointSoft**”), a company with a focus on developing and managing food and beverage point-of-sales system, since it became the subsidiary of the Group in the second half of FY2021.

### **Provision of IT secondment services**

This segment provides IT secondment services for a fixed period of time pursuant to the IT secondment service agreements. The revenue generated from this segment amounted to approximately HK\$22.0 million, representing approximately 3% of the total revenue for FY2021. The revenue derived from this segment decreased by approximately 45% from approximately HK\$39.7 million for FY2020 to approximately HK\$22.0 million for FY2021. The significant decrease was primarily due to (i) the decrease in demand for services from the major customers in banking and finance sectors and (ii) the revenue of new IT secondment services contracts awarded to the Group were not enough to offset the impact for the decrease in demand from the major customers as the outbreak of COVID-19.

### **Provision of IT maintenance and support services**

This segment provides IT maintenance and support services. The revenue generated from provision of IT maintenance and support services amounted to approximately HK\$133.4 million, representing approximately 21% of the total revenue for FY2021. The revenue derived from this segment increased by approximately 23% from approximately HK\$108.1 million for FY2020 to approximately HK\$133.4 million for FY2021. The increase was primarily due to (i) the increase of new IT maintenance contracts awarded to the Group offset the subsequent completion of some contracts during FY2021; (ii) the increase of the enhancement services from a sizable IT project and (iii) the revenue contributed by PointSoft since it became the subsidiary of the Group in the second half of FY2021.

### **Property leasing and e-commerce business**

On 6 December 2017, ICO IT Properties (Malaysia) Limited, an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with various vendors, at a total consideration of RM145 million for the acquisition of O2O Limited and its subsidiary, which holds 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 acquisition was completed on 2 June 2020. Upon the completion, (i) the companies in the Project CKB becomes indirect wholly-owned subsidiaries of the Company and their financial statements were consolidated into the Group; (ii) the Property was classified as investment property in the consolidated statement of financial position and (iii) the business of Project CKB became the new segment of the Group.

Due to the outbreak of 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. Hence, the Project CKB was not started its operation during FY2021.

## OUTLOOK AND FUTURE PROSPECTS

With the outbreak of COVID-19, FY2021 was a challenging year for the Group, not only the impact to the different segments of business, also the life of every individual staff. Encouragingly, there was increase in revenue derived from (i) IT application and solution development services segment and (ii) IT maintenance and support services segment, also the Group recorded a net profit for FY2021. There are also the following positive directions in relation to the Group's future prospects:

Firstly, the contracts of the Group's large scale IT projects which accounted for the main contribution in the revenue for the (i) IT application and solution development services segment and (ii) IT 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 cash flow level to sustain and expand its business in the future.

Secondly, for the completion of further acquisition of 30% equity interest of PointSoft on 6 October 2020, the Group holds a total of 70% equity interest in PointSoft and it became the subsidiary of the Group accordingly. PointSoft provided a new stream of revenue and profit to the Group during the challenging business environment in FY2021. This effectively diversified the business portfolio and broadened the revenue sources of the Group. On the same time, the further acquisition was financed by the placing of new shares, where the unutilised of the net proceeds will be reserved for the development of PointSoft in the future. For details of the acquisitions of PointSoft, please refer to the announcements of the Company dated 20 June 2018, 21 June 2018, 28 June 2018, 4 July 2018, 5 September 2019, 11 September 2019, 27 August 2020, 12 September 2020, 17 September 2020, 24 September 2020 and 6 October 2020 (collectively the "**PointSoft Announcements**")

Thirdly, the acquisition of Project CKB was completed on 2 June 2020. Due to the impact of COVID-19, the Malaysian Government implemented the MCO in 2020 and the Project CKB was not yet started its operation during FY2021. Nevertheless, the Group expected Project CKB will be able to further expand and diversify the revenue sources by receiving stable rental income from the physical stores, in line with the economic growth after the end of COVID-19. 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, 2 June 2020 and 30 November 2020 (collectively the "**Project CKB Announcements and Circular**").

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

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue for FY2021 amounted to approximately HK\$637.3 million, representing an increase by approximately 5% from approximately HK\$606.3 million for FY2020 to approximately HK\$637.3 million for FY2021. The increase was mainly attributable to the increase in revenue generated from (i) the IT application and solution development services segment and (ii) the IT maintenance and support services segment of approximately HK\$79.3 million and approximately HK\$25.4 million respectively. This offset by the decrease in revenue generated from (i) the IT infrastructure solutions services segment and (ii) the IT secondment services segment of approximately HK\$56.0 million and approximately HK\$17.7 million respectively.

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

The Group's gross profit for FY2021 amounted to approximately HK\$110.3 million, representing a decrease by approximately 6% from approximately HK\$117.6 million for FY2020 to approximately HK\$110.3 million for FY2021, while the gross profit margin of the Group decreased from approximately 19% for FY2020 to approximately 17% for FY2021. During FY2021, due to the revenue contributed from some large-scale projects from (i) IT application and solution development services segment and (ii) IT maintenance and support services segment, the revenue for these segments has significantly increased. The gross profit increased in line with the revenue in IT application and solution development services segment; while the gross profit decreased in IT maintenance and support services segment, as part of the service was outsourced to a third party professional company in FY2021, which increased the cost in this segment. On the same time, the Group had to retain sizable teams of IT professionals to deliver professional services, the gross profit margin decreased in these segments as the increase demand in labor.

For IT secondment services segment, the gross profit generated and gross profit margin decreased in line with the decreased in revenue in FY2021; for IT infrastructure solutions services segment, despite the decrease in gross profit in line with the revenue, the gross profit margin remained stable in FY2021, due to the effective control of labor cost in this segment.

### **General and administrative expenses**

The Group's general and administrative expenses for FY2021 amounted to approximately HK\$76.4 million (2020: approximately HK\$89.9 million), representing a decrease by approximately HK\$13.5 million or 15% as compared to FY2020. The decrease was primarily attributed to the prudent measure on the discretionary bonus accrued for the management and general staff, (the decrease in staff cost of approximately HK\$13.5 million), with reference to the business environment in FY2021.

## **Change in fair value of contingent consideration payables, derivative component in convertible bonds and investment property, gain on conversion of convertible bonds**

Contingent consideration payables, derivative component in convertible bonds and investment property were recognised by the Group related to the Project CKB. All of the outstanding convertible bonds were converted in FY2020. Hence, there was no change in fair value of derivative component in convertible bonds in FY2021. On 2 June 2020, the acquisition of Project CKB was completed. As a result, investment property and contingent consideration payables were recognised during FY2021. 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. With reference to valuation reports prepared by independent professional valuer, the valuation gain or loss on these investment property and financial liabilities were determined and recognised. Nevertheless, the valuation gain or loss were merely results of accounting treatments and do not have any actual impact on the operation result and cash flow of the Group. For details of the acquisition of Project CKB, please refer to the Project CKB Announcements and Circular.

### **Finance costs**

The Group's finance cost for FY2021 amounted to approximately HK\$0.8 million (2020: approximately HK\$5.2 million), representing a decrease of approximately HK\$4.4 million or approximately 85% as compared to FY2020. The decrease was primarily 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 impact to the Group. Also, there was no interest expenses arising from bank borrowings of the Group for FY2021, as all outstanding bank loans were fully settled during FY2020.

### **Income tax**

The Group's income tax for FY2021 amounted to approximately HK\$6.6 million (2020: approximately 5.7 million), representing an increase of approximately HK\$0.9 million or approximately 16% as compared to FY2020. The increase was primarily due to the net profit of the operating units increased during FY2021.

### **Profit for the year**

The Group recorded a net profit of approximately HK\$16.0 million for FY2021 as compared to approximately HK\$77.3 million for FY2020. The decrease was primarily due to the combined effect of (i) the decrease in gross profit of approximately HK\$7.3 million as compared to FY2020; and (ii) the aggregate increase in other revenue, decrease in general and administrative expenses and impairment of deposits for acquisition of subsidiaries of approximately HK\$65.6 million, offset by the increase in other net (loss)/gain, change in fair value of investment property and decrease in gain on conversion of convertible bonds by approximately HK\$6.1 million, approximately HK\$14.1 million and approximately HK\$105.1 million respectively.

## 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 31 March 2021:

	<b>Intended use of net proceeds</b>	<b>Utilised of the net proceeds up to 31 March 2021</b>	<b>Unutilised of the net proceeds up to 31 March 2021</b>
	<i>HK\$ million (approximately)</i>	<i>HK\$ million (approximately)</i>	<i>HK\$ million (approximately)</i>
<b>Intended use</b>			
Settlement of the consideration	18.0	18.0	–
Further business development	4.8	–	4.8
Total	<u>22.8</u>	<u>18.0</u>	<u>4.8</u>

## INVESTMENT PROPERTY

On 2 June 2020, the acquisition of Project CKB was completed, the Property was classified as investment property in the consolidated statement of financial position.

The investment property of the Group as at 31 March 2021 is as follows:

<b>Location</b>	<b>Attributable interest of the Group</b>	<b>Current use</b>	<b>Lease term</b>	<b>Gross floor area</b>
Chow Kit Baru, Malaysia	100%	Commercial	Long term	approximately 49,702 square foot

As at 31 March 2021, with reference to the valuation report prepared by an independent professional valuer, the carrying amount of the investment property is approximately HK\$231.1 million, representing approximately 33% of the Group's total asset.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, the shareholders' funds of the Group amounted to approximately HK\$483.6 million (2020: approximately HK\$442.0 million). Current assets were approximately HK\$340.7 million (2020: approximately HK\$252.5 million), mainly comprised of cash and cash equivalents of approximately HK\$106.8 million (2020: approximately HK\$45.4 million), trade and other receivables and contract assets of approximately HK\$230.6 million (2020: approximately HK\$203.3 million). Current liabilities were approximately HK\$171.3 million (2020: approximately HK\$101.7 million), mainly comprised of trade and other payables and contract liabilities of approximately HK\$131.2 million (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 cash and cash equivalent arising from (i) the increase in cash inflow from IT maintenance and support services segment, IT application and solution development services segment and (ii) the completion of placing new shares during FY2021;
- (ii) 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; 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 31 March 2021, 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 was approximately HK\$0.07 (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% (2020: approximately 4%). The liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was approximately 2.0 times (2020: approximately 2.5 times).

## CAPITAL STRUCTURE

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

During FY2021, the Company had the following changes in its share capital:

### (i) **Placing of new shares under general mandate on 27 August 2020**

On 27 August 2020, the Company entered into the placing agreement with the placing agent, pursuant to which the placing agent has conditionally agreed, as agent of the Company, to procure, on a fully underwritten basis, not less than six places who and whose ultimate beneficial owners shall be independent third parties to subscribe for 839,000,000 placing shares at the placing price of HK\$0.028 per placing share.

The aggregate gross proceeds from the placing of new shares was approximately HK\$23.5 million. The placing shares were allotted and issued on 24 September 2020.

### (ii) **Share consolidation and change of board lot size**

On 30 October 2020, the Company announced that the Board proposed to implement the share consolidation on the basis that every ten issued and unissued existing shares of par value of HK\$0.0025 each in the share capital of the Company would be consolidated into one consolidated share of par value of HK\$0.025 each (the “**Share Consolidation**”).

As at 30 October 2020, the existing shares were traded on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in board lot size of 4,000 existing shares. The Board proposed to change the board lot size for trading on the Stock Exchange from 4,000 existing shares to 8,000 consolidated shares conditional upon the share consolidation becoming effective (the “**Change in Board Lot Size**”).

For details of the Share Consolidation and Change in Board Lot Size of the Company, please refer to the announcements and circular dated 30 October 2020, 17 November 2020 and 4 December 2020 respectively.

As at 31 March 2021 and 31 March 2020, the Company’s issued share capitals were approximately HK\$17,661,000 and approximately HK\$15,562,000 respectively, and the numbers of its issued ordinary shares were 706,439,312 of HK\$0.025 each and 6,225,393,129 of HK\$0.0025 each respectively.

The Group’s capital is mainly derived from net proceeds from placing of new shares, long term debt (being convertible bonds and promissory note) 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, benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. During FY2021 and FY2020, the convertible bonds issued by the Company carry 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 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 results announcement, the Group does not have any concrete plans for material investments and capital assets.

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

### **Material acquisition during the year ended 31 March 2021**

#### ***PointSoft***

On 27 August 2020, Catering Automation Limited, an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement, at a total consideration of HK\$18 million to acquire 30% equity interest in PointSoft. 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 PointSoft and it became an indirect non-wholly owned subsidiary of the Company. For details of the acquisition, please refer to the PointSoft Announcements. Accordingly, the financial results of the PointSoft was consolidated into the Company's consolidated financial statements. For details, please refer to the IT infrastructure solutions services segment; and IT maintenance and support services segment as set out in the section "Business Review and Outlook" of this annual results announcement.

Save for the above, the Group did not enter into any material acquisitions or disposals of subsidiaries and affiliated companies during FY2021 and up to the date of this annual results announcement.

## **SIGNIFICANT INVESTMENTS AND CAPITAL ASSETS**

### **Significant investments held as at 31 March 2021**

#### ***Project CKB***

On 6 December 2017, ICO IT Properties (Malaysia) Limited, an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with various vendors, at a total consideration of RM145 million for the acquisition of Project CKB. The acquisition was completed on 2 June 2020. Upon the completion, (i) the companies in the Project CKB becomes indirect wholly-owned subsidiaries of the Company and their financial statements were consolidated into the Group; (ii) the Property was classified as investment property in the consolidated statement of financial position and (iii) the business of Project CKB became the new segment of the Group.

Project CKB provides property leasing services and online trading platform services. 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. On 18 March 2020, the Malaysian Government implemented the MCO as a preventive measure for the COVID-19 in Malaysia. As a result, Project CKB was not yet started its operation for FY2021.

The Group assessed the fair value of the Property by the independent valuers, B.I. Appraisals Limited (the “**Valuer**”). The Valuer is an independent professional valuer and possesses professional qualifications with recent experience in the valuation of similar properties in vicinity. According to the valuation report, there is a significant drops in the monthly market rent per square foot adopted in the valuation under income capitalisation approach, the fair value of the Property is approximately RM131.0 million (approximately HK\$237.6 million) as at 2 June 2020 and decrease to RM123.4 million (approximately HK\$231.1 million) as at 31 March 2021.

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 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.

The adopted capitalisation rates in the valuation range from 4.0% – 5.5%, and the monthly market rent per square foot ranged from approximately RM19.3 (equivalent to approximately HK\$36.2) to approximately RM21.8 (equivalent to approximately HK\$40.9). The capitalisation rate and the monthly market rent per square foot 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 foot and negatively correlated to the capitalisation rate. Taking into account the change in fair value of investment property, the Group considered that it is appropriate to make a decrease of fair value change in investment property of approximately HK\$14.1 million.

### ***INAX Technology Limited (“INAX”)***

On 10 November 2017, Value Digital Limited, an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement at a consideration of HK\$66 million, to acquire 15% equity interest in INAX, INAX is a limited company incorporated in Hong Kong and which principally engages in IT infrastructure business with a focus on IT and telecommunication infrastructures and data centre industry. With reference to the valuation report prepared by an independent professional valuer, as at 31 March 2021, the fair value of this investment (recorded as other financial asset in the Group’s consolidated statement of financial position) was approximately HK\$7.7 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 FY2021, no dividend was received from this investment.

Up to the date of this annual results announcement, the management account of INAX (subject to audit) for the year ended 30 April 2021 showed that there is an increase in profit of approximately HK\$0.7 million during FY2021 as compared with last year. Upon enquiry on the management of INAX, the primary reasons for the increase in profit during FY2021 (i) the core business was not significantly affected in the outbreak of COVID-19 and (ii) the other revenue came from the government subsidy, Employment Support Scheme, during FY2021. Looking forward, 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.

### **Other investments held as at 31 March 2021**

In addition to the abovementioned significant investments, as at 31 March 2021, 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\$1.5 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 (together 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. The machine translation system was firstly launched in August 2019. According to the management account of DeepSolutions Group (subject to audit) for the year ended 31 March 2021, DeepTranslate Limited recorded a net profit of approximately HK\$0.6 million during FY2021 on an encouraging increase in sales of translation services and thanks to considerable government grants covering research and development costs. As at 31 March 2021, the carrying amount of DeepSolutions Group is approximately HK\$1.5 million, represented approximately 0.2% of the Group’s total assets. During FY2021, no dividend was received from this investment.

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 FY2021, Bao Cheng Group did not generate any revenue and recorded a net loss of approximately HK\$0.8 million. As at 31 March 2021, the carrying amount of Bao Cheng Group is approximately HK\$2.2 million, represented approximately 0.3% of the Group’s total assets. During FY2021, no dividend was received from this investment.

Apart from the above, the Group did not acquire or hold any other significant investments during FY2021 and FY2020. 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 2021**

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. During FY2021, the Group still held the office premises and the carpark space and up to the date of this annual results announcement. As at 31 March 2021, according to a valuation report issued by an independent professional valuer, the fair value of the office premises and the carpark space is approximately HK\$50.7 million (as at 31 March 2020: approximately HK\$53.0 million).

Apart from the above, the Group did not acquire or hold any other significant capital assets during FY2021 and FY2020.

### **CONTINGENT LIABILITIES**

As at 31 March 2021, performance bonds amounted to approximately HK\$10.2 million (2020: approximately HK\$10.2 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 contracts. If the customers 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.

Apart from the above, the Group had no other material contingent liabilities during FY2021 and FY2020.

### **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

For FY2021, besides the limited currency exchange rate fluctuation risks encountered before, the Group faced foreign exchange exposure after the acquisition 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.

For FY2020, 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 is therefore considered to be immaterial, and the Group did not engage in any hedging activity.

## **CHARGE ON THE GROUP'S ASSETS**

As at 31 March 2021, except for (i) the pledged bank deposit of approximately HK\$2.0 million (2020: approximately HK\$2.0 million) in relation to guarantees issued by a bank in respect of the Group's projects-in-progress and (ii) property, plant and equipment with net book value of approximately HK\$38.4 million (2020: approximately HK\$39.9 million) pledged to a bank for facilities of HK\$52.0 million (2020: HK\$52.0 million) used to finance the working capital of the Group, there was no other charges on the Group's assets.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2021, the Group employed a total of 276 full-time employees (2020: 203). The employee remuneration (including directors' remuneration) of the Group was approximately HK\$112.6 million for FY2021 (2020: approximately HK\$126.1 million). The Group determined the remuneration packages of all employees (including the directors) with reference to individual's performance, qualifications, experience, competence as well as market salary scale.

## **OTHER INFORMATION**

### **Corporate Governance Practices**

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

The 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 (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). 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 2021, 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. In the annual general meeting of the Company held on 25 September 2020, five retired non-executive Directors, two independent non-executive Directors and one retired independent non-executive Directors were unable to attend due to their other business engagements. In the extraordinary general meeting of the Company held on 22 April 2020, two past non-executive Directors were unable to attend due to their other business engagements. In the extraordinary general meeting of the Company held on 4 December 2020, one independent non-executive Director was unable to attend due to her other business engagements.

However, there was at least one independent non-executive Director presented at the annual and extraordinary general meetings 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 required standard set out in Model Code throughout the year ended 31 March 2021.

### **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 FY2021 and FY2020.

### **Directors' Interests in 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 FY2021 and FY2020.

## **Events After the Reporting Period**

### ***Placing of New Shares under General Mandate on 29 March 2021***

On 29 March 2021 (after trading hours), the Company entered into the placing agreement with the placing agent, pursuant to which the placing agent has conditionally agreed, as agent of the Company, to procure, on a best effort basis, not less than six placees who and whose ultimate beneficial owners shall be independent third parties to subscribe for up to 141,287,000 placing shares at the placing price of HK\$0.220 per placing share (the “**Placing**”).

On 20 April 2021, the Company announced that all of the conditions had been fulfilled and the completion took place on 20 April 2021. An aggregate of 141,287,000 placing shares had been placed by the placing agent to not less than six placees at the placing price of HK\$0.220 per placing share pursuant to the terms and conditions of the placing agreement entered into between the Company and the placing agent (the “**Completion of Placing**”).

For details of the Placing and Completion of Placing of the Company, please refer to the announcements dated 29 March 2021 and 20 April 2021 respectively.

Saved as disclosed above, there is no significant event after the reporting period of the Group up to the date of this annual results announcement.

## **Closure of Register of Members**

The forthcoming annual general meeting (the “**2021 AGM**”) will be held on Friday, 27 August 2021. For the purpose of determining shareholders’ entitlements to attend and vote at the 2021 AGM, the transfer books and the register of members of the Company will be closed from Tuesday, 24 August 2021 to Friday, 27 August 2021 (both days inclusive), during which period no transfer of shares will be effected. In order to establish the right to attend and vote at the 2021 AGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s Hong Kong branch share registrar, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong no later than 4:00 p.m. on Monday, 23 August 2021.

## **Audit Committee and Review of Annual Results**

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

The Audit Committee currently comprises three independent non-executive Directors namely 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 audited consolidated financial statements of the Group for the year ended 31 March 2021 have been reviewed by the Audit Committee, which was of the opinion that the consolidated financial statements had been prepared in compliance with the applicable accounting standards and the Listing Rules.

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 March 2021 as set out in this annual results announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited, on this annual results announcement.

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

This results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.1460.hk](http://www.1460.hk)) respectively. The annual report of the Company for the year ended 31 March 2021 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and published on the above websites in due course.

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

Hong Kong, 29 June 2021

*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.*